Tinsel triumphs
A blockbuster year for Hollywood
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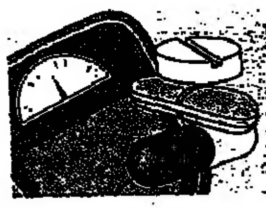

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FINANCIAL TIMES

Europe's Business Newspaper — THURSDAY DECEMBER 23 1993 — D8523A

Troubles deepen for Euro Disney and Club Med

Troubles deepened yesterday for two French leisure groups. Euro Disney's auditors warned of closure unless the company persuades its banks to restructure its finances, while Club Mediterranée plunged into the red with an annual net loss of FFr290m ($49.3m) against net profits of FFr161m the previous year. Euro Disney, which last month reported a net loss of FFr5.3bn ($900m), is trying to negotiate a financial rescue package with 60 international banks. Its net debt totals FFr20.3bn. Page 11; World stocks, Page 26

Bank of Canada governor John Crow, 56, one of the industrial world's most ardent inflation fighters, will not seek another term in office when his first seven-year stint expires next month. He cited "personal reasons". Page 10

Japanese finance ministry's index of large companies' business confidence hit a record low of minus 21.8 between September and December, down from 18.6 the previous quarter. Page 3

Castro's daughter granted asylum: Alina Fernandez Revuelta, daughter of Cuban president Fidel Castro, has left Cuba and been granted political asylum in the United States. The long-time critic of her father's revolution travelled to Spain on Monday and flew to Atlanta on Tuesday after her asylum request was granted.

South Africa vote: South Africa's last white parliament voted by 237 to 45 to adopt an interim constitution leading to majority rule after all-race elections next April.

Tapie investigated over suspected fraud:

French politician and businessman Bernard Tapie was formally put under investigation in connection with suspected business fraud. The Marseille football club chief had his parliamentary immunity from prosecution lifted on December 7 so that he could be questioned about alleged financial irregularities at the Testut weighing machine company, which belongs to his holding company, Bernard Tapie Finance. Page 2

Wal-Mart, one of the two biggest gun-sellers in the US, is to stop stocking handguns at its discount retail stores from next February. The retailer said its decision reflected unease among customers. Page 10

Car investment for UK: General Motors of the US is to modernise its Vauxhall assembly plant at Luton, south-east England, at a cost of about £130m ($190m). The Luton plant is now GM's lowest-cost European assembly facility for production of the Vectra/Cavalier family car, ahead of plants in Belgium and Germany. Page 11; Car industry confronts price 'fantasy', Page 2

Faultlines in Franco-German unity

The moment of truth for Europe's exchange rate mechanism came on Friday July 30 at a secret meeting of French and German ministers and officials in Paris. David Marsh tells the story on Page 4

Two shot as talks go on: Arab gunmen shot dead two Jews in the West Bank as Israeli and PLO negotiators met in France to try to break a deadlock over the start of Palestinian self-rule. Page 2

Steel deal approved: EU research ministers formally approved a steel restructuring deal after Denmark and Britain withdrew minor objections. The deal had already been agreed in principle.

Ukraine inflation warning: Monthly inflation in Ukraine could soar to 90 per cent this month from 74 per cent in November unless monetary and credit policies were tightened, Victor Yushchenko, head of the country's central bank said.

Tanzania refugee plea: British charity Oxfam called for an international effort to save 40,000 refugees stranded in Tanzania after fleeing tribal violence in neighbouring Burundi.

Mortar kills 4 in Afghanistan: At least four people died and more than 30 were wounded when a mortar bomb hit a Kabul shopping street.

Fiesta time: Villagers in Campello, north of the Spanish Mediterranean resort of Alicante, celebrated winning first prize in El Gordo, the lottery with prizes totalling Pta150bn ($1.1bn).

■ STOCK MARKET INDICES		
FT-SE 100	3,355.7	(+13.3)
Yield	3.51	
FT-SE Eurotrack 100	1,451.64	(+9.61)
FT-A All-Share	1,651.09	(+0.4%)
Nikkei	17,445.74	(+130.31)
New York: lunchtime		
Dow Jones Ind Ave	3,750.73	(+5.55)
S&P Composite	465.49	(+0.19)
■ US LUNCHTIME RATES		
Federal Funds	3⅛%	
3-mo Treas Bills: Yld	3.116%	
Long Bond	99[illegible]	
Yield	6.294%	
■ LONDON MONEY		
3-mo Interbank	5⅜%	(same)
Liffe long gilt future	Dec 120	(Dec 120[illegible])
■ NORTH SEA OIL (Argus)		
Brent 15-day (Feb)	$13.7	(13.5)
■ Gold		
New York Comex (Dec)	$386.0	(387.9)
London	$386.2	(388.4)

■ STERLING		
New York lunchtime:		
$	1.49375	
London:		
$	1.495	(1.489)
DM	2.545	(2.5425)
FFr	8.6625	(8.655)
SFr	2.15	(2.16)
Y	165.25	(same)
£ Index	81.4	(same)
■ DOLLAR		
New York lunchtime:		
DM	1.704	
FFr	5.804	
SFr	1.4385	
Y	110.57	
London:		
DM	1.702	(1.708)
FFr	5.795	(5.8125)
SFr	1.4375	(1.451)
Y	110.55	(111.05)
$ Index	67.0	(67.2)
Tokyo close Y 111.3		

Austria	Sch30	Greece	Dr300	Lux	LFr65	Qatar	QR12.00		
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr65	Hungary	Ft195	Morocco	MDh13	Singapore	S$4.10		
Bulgaria	Lev25.00	Iceland	IKr215	Neth	Fl 3.75	Slovak Rp	Ks[illegible]		
Cyprus	C£1.00	India	Rs40	Nigeria	Naira45	South Africa	R12.00		
Czech Rp	CzK45	Israel	Shk5.90	Norway	NKr16.00	Spain	Pta210		
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Sweden	SKr15		
Egypt	E£4.50	Japan	Y500	Pakistan	Rs35	Switz	SFr3.20		
Finland	FM12	Jordan	JD1.50	Philippines	Peso45	Syria	S£50.00		
France	FFr9.00	Kuwait	Fils600	Poland	Zl 22,000	Tunisia	Din1.250		
Germany	DM3.20	Lebanon	US$1.25	Portugal	Esc215	Turkey	L8000		
						UAE	Dh11.00		

GE-led bid wins battle for Nuovo Pignone

By Haig Simonian in Milan

The Italian government is selling a controlling stake in Nuovo Pignone, the gas turbines and compressors group, to a consortium led by General Electric and including two other US companies, Dresser Industries and Ingersoll-Rand.

The sale represents a significant political move by the Italian government, which has favoured a US partner over European candidates in its first big industrial privatisation. Both GEC-Alsthom, the Anglo-French engineering group, and ABB-Atlas Copco also bid for Nuovo Pignone.

The deal values the 69.3 per cent of Nuovo Pignone being sold by the Eni state holding company at about L1,100bn ($660m). The figure represents about L700bn for the equity and about L400bn in debt transfers.

Nuovo Pignone, which specialises in low-powered turbines and compressors for the energy and chemicals industries, made net profits of L36.7bn on sales of L1,977bn last year. The L7,000 a share bid is a significant premium over Nuovo Pignone's minority shareholders compared with Tuesday's pre-suspension closing price in Milan of L6,269.

Announcement of the deal, which had been under negotiation for more than a year, was greeted by demonstrations by employees, who took to the streets of Florence in protest.

The company's works council said the sale to GE represented "the worst solution", while Mr Giorgio Morales, the city's mayor, expressed concern about the inclusion of one of Nuovo Pignone's biggest rivals in the consortium.

Union leaders fear the sale could result in Nuovo Pignone losing its independence and suffering redundancies among its 2,600 strong workforce. Some politicians have also expressed concern about Italian state companies falling prey to cash-rich foreign predators under the privatisation programme.

Political concern to limit such fears and possible union opposition explains the deal's complex structure. GE, always the most likely to win, will take only 25 per cent of Nuovo Pignone.

A further 20 per cent will be held by six Italian banks. Some observers believe the banks will eventually sell their stakes, of 2 per cent to 4 per cent each, to GE once the political heat over the deal dies down.

The surprise, however, was that Dresser Industries and Ingersoll-Rand, two other US turbine or oil industry specialists, are taking 12 per cent each. The two companies bid in tandem for Nuovo Pignone and may have decided to join forces with GE when it became clear their offer would prove unsuccessful.

A GE victory had seemed virtually certain from September 1992, when Rome first announced plans to sell Nuovo Pignone. The company has co-operated with GE for more than three decades, and the two have numerous cross-licensing deals. Nuovo Pignone has used GE technology in its larger turbines, and the US group has taken up ideas from the Italian producer for lower-powered units.

As expected, Eni will retain a significant stake of 20.25 per cent, reflecting the continuing interlocking interests between the two. Much of Nuovo Pignone's business has come from Eni contracts. The current order book partly reflects a massive deal, worth about $1.6bn, to upgrade the trans-Siberian gas pipeline negotiated by Eni with the Russian government last year and for which Italian export credit insurance cover has recently been approved.

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Paramount board shifts to QVC but battle continues

By Martin Dickson in New York

The board of entertainment group Paramount Communications was reported yesterday to have recommended that shareholders accept a hostile $10bn bid from television shopping channel QVC Network rather than a friendly but lower offer from cable company Viacom.

The move – reported late in the morning by executives involved in the fight – would represent a big psychological shift in the three-month-old battle for Paramount, since until now the board had shunned QVC's advances and insisted that a merger with Viacom offered better long-term benefits. But it would not spell the end of the tortuous fight since each bidder still has a 10-day period in which it can increase the value of its offer and shareholders are free to accept whichever proposal they want.

Viacom was understood to be seeking finance for a higher offer yesterday from other companies which have backed its bid, such as Nynex, the regional telephone company serving the Northeastern US, and Blockbuster Entertainment, the video rental chain.

No immediate comment was available from Paramount, but its shares were suspended at $80⅞, up $⅞, pending an announcement later yesterday.

The board's action follows a ruling by the Delaware Supreme Court that the company must create a level playing field for both the Viacom and QVC offers. Paramount agreed to auction itself off and set a deadline of last Monday for offers.

QVC increased the value of its cash offer for 51 per cent of Paramount's shares from $90 to $92, while Viacom resubmitted its existing cash offer, worth $85 a share. Both bidders are offering stock for the remaining 49 per cent, and based on their fluctuating share prices, QVC's entire bid was worth around $10bn, or $83½ a share, yesterday morning, compared to Viacom's $9.6bn, or $79¾ a share. After deliberating for much of Tuesday and yesterday morning, the Paramount board evidently voted to recommend the QVC offer.

Analysts said it had little choice, since QVC's offer was markedly higher and the board was under close legal scrutiny to ensure it did not unfairly favour Viacom. Viacom is understood to have asked Paramount for more time to finance a higher bid. This suggests it could be facing difficulties in raising funds, or is simply involved in protracted negotiations with its partners over the terms of additional funding.

Christmas truce agreed in war-torn Bosnia

Reuter

Serbian leader Slobodan Milosevic arrives in Brussels for talks which failed to achieve a long-term peace agreement for Bosnia. Page 10

'No Sinn Féin talks without end to violence'

By David Owen in London, Tim Coone in Dublin and our Belfast Correspondent

Mr John Major and Mr Albert Reynolds, the British and Irish prime ministers, yesterday ruled out negotiations with Sinn Féin, political wing of the Irish Republican Army, until the IRA ends its armed campaign.

But in its third statement in consecutive days, Sinn Féin redoubled its efforts to drive a wedge between London and Dublin, accusing the two governments of making "contradictory statements" about last week's Downing Street Declaration.

The charge from the IRA's political wing came as President Bill Clinton appeared to dangle a new carrot in front of it by hinting he might lift a ban on Mr Gerry Adams, the Sinn Féin president, entering the US in return for a positive response to the Major-Reynolds initiative.

The British prime minister used a surprise visit to Belfast to tell Republican leaders: "There is a gauntlet down on the table. It is marked peace. It is there for Sinn Féin to pick it up." He added: "The joint declaration is perfectly clear. There is no need for fresh negotiations. There is no need for any indecisiveness."

If Mr Adams wanted clarification, he should stop the violence and wait for a brief period. Then the questions he wanted answered would be answered.

Accusing Sinn Féin of "delaying tactics", Mr Major warned that London was not prepared to wait indefinitely for a positive response to the peace initiative. "I don't think one can be strung along for ever", he said.

Mr Reynolds echoed Mr Major's line in telling the Irish senate the "next stage" of negotiations with Sinn Féin could only come after peace "has first been established." But the Irish prime minister took a more emollient tack in pledging "an enlightened and pragmatic approach" in subsequent talks to resolve "difficult" security issues. A "balanced" approach would be essential, he said.

In a further hint at flexibility, he said the Republic's broadcasting ban on Sinn Féin, would be reviewed "in-depth" on January 19. Mr Peter Brooke, the UK's national heritage secretary, is expected to report to Mr Major on a review of similar British restrictions at about the same

Continued on Page 10

Reformer Gaidar to stay at helm, Yeltsin pledges

By John Lloyd in Moscow

Russian president Boris Yeltsin said Mr Yegor Gaidar, the first deputy prime minister and the man most closely associated with economic reform, would stay in government.

Breaking his post-election silence yesterday, Mr Yeltsin said Mr Gaidar's policy of reform would also remain.

Mr Yeltsin suggested that reform might take a different course after the setback for the reformist parties in recent parliamentary elections.

Addressing a Kremlin press conference, he said the "volume of social benefits" available to the population was likely to increase if inflation continued its downward trend.

Inflation for November is down to under 15 per cent monthly – although financial experts in Moscow believe that trend may only be temporary.

It is clear that the Russian government and the international financial institutions will now put greater emphasis on the social dimension of the reform programme. The International Monetary Fund, criticised over the past week by Mr Al Gore, the US vice-president, and Mr Andrei Kozyrev, the Russian foreign minister, for its insensitivity to Russian hardships, has said it will send a team to Moscow in January to help design a social security system.

However, the Fund and the US Treasury have indicated that the basic troubles of the Russian economy – high inflation and a huge budget deficit – have to be tackled if the economy is to be pulled out of crisis.

Mr Yeltsin said the surge in support for the extreme right Liberal Democrats of Mr Vladimir Zhirinovsky and the Communist party reflected a weariness with hardship. His comments will be hard to reconcile with the need to restructure a swollen state sector and to control expenditure.

The Russian president emphasised the referendum vote for a new constitution, saying that, when extremist political forces were strengthening, it was all the more important that a constitution guaranteeing a powerful presidency was in place.

He said that the direction of foreign policy – the prerogative of the president – would remain basically unchanged.

He played down the threat posed by Mr Zhirinovsky, saying he would "not let him walk over me" to take the presidency. At the same time, he expressed his readiness to work with the Liberal Democrats and the Communists if they showed themselves

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هكذا من الاصل

US media worries over Clinton sex story

Jurek Martin reports from Washington on how the liberal establishment has reacted to the headline 'His cheatin' heart'

Jim Lehrer almost grimaced on the air on Tuesday night. The affable and unflappable co-host of public television's excellent evening news programme told the panel assembled to discuss the latest allegations about President Bill Clinton's sex life that there had been a fair amount of agonising in his shop about whether or not to run with the story.

Johnny Apple, magisterial Washington bureau chief of the New York Times, was even more blunt in comments published by the Washington Post.

Asked to explain why his newspaper had virtually ignored the story until yesterday morning, when it ran Mrs Hillary Clinton's counter-attack on its front page, he observed: "I am not interested in Bill Clinton's sex life as governor of Arkansas. I'm certain there are a lot of readers who are interested in that and there are lots of publications they can turn to to slake that thirst."

One is not the Wall Street Journal, no fan of the president and hot on the trail of his financial entanglement with the former chief executive of a now-defunt Arkansas savings and loan institution. Not a word of the sex charges have so far appeared on its pages.

The Washington Post itself, the capital's house organ and sometimes arbiter of taste, has been one of the few newspapers to venture an editorial comment. Under the headline "Once more into the muck", it wrote the charges came "in tawdry form" and concluded "the case so far is suspect and far from convincing".

The establishment media is grappling with an increasingly familiar problem – whether or not to play down a story whose sources are extremely suspect, and which has little relevance to the governance of the country.

The excuse to back into it is any official comment - which has come in the shape of the president's interview with wire service reporters yesterday in which he denied all the allegations and a similar interview with Mrs Clinton on Tuesday - or when it is suggested that the president himself may have intervened to try and pressure or otherwise induce the two Arkansas state troopers not to go ahead with their allegations.

It is this latter point which may give the story "legs", in journalistic parlance, especially if it involves actions taken by Mr Clinton after his election and after he became president.

This, of course, does not satisfy conservatives who contend that the liberal media establishment is once again protecting one of its own, in the person of a Democratic president. But the generally rough treatment he has received from all media quarters for much of the year indicates a degree of right-wing paranoia.

Mr Clinton's die-hard opponents also claim that his alleged behaviour, which they are convinced is not only true but took place during the transition between the election and inauguration, amounts to hypocrisy on a grand scale after he and his wife had assured the public in the wake of the the Gennifer Flowers affair early in the election campaign that their marriage had survived rocky periods and was now in good shape.

It may, therefore, have been deliberate that Mrs Clinton, a First Lady like no other before, was chosen, or volunteered, to lead the counter-attack. She did so pungently and with a sense of grievance. Noting that Cliff Jackson, representing the state troopers and understood to be sifting through offers of payment for their stories, had for years been "obsessed" with her husband, she said: "I find it not an accident that every time he (Mr Clinton) is on the verge of fulfilling his commitment to the American people, they respond and out comes a new round of these outrageous, terrible stories that people plant for political and financial reasons."

She may have a point. The fullest account of the charges appeared in the American Spectator, the ultra-conservative journal, and was written by David Brock whose previous magnum opus had been a controversial book attempting to debunk Professor Anita Hill's charges of sexual harassment against now Supreme Court Justice Clarence Thomas. The article conceded the corroborating evidence was in short supply and that financial gain, and resentment, appeared to be a motivating factor. It nonetheless devoted 11,000 words to the subject and, in case anybody missed the point, the headline ran "His cheatin' heart".

Prague awaits its spring chicken

By Patrick Blum in Vienna

After the revolution came McDonald's. Now the famous hamburger will face much tougher competition from fast-food rival Kentucky Fried Chicken which plans to expand significantly its presence in central and eastern Europe.

KFC intends to open up to 40 restaurants over four years in the Czech Republic, one of the region's strongest markets, as well as increase the number of its restaurants in Poland.

KFC's move is its biggest commitment yet in the region. But it faces stiff competition from McDonald's which was quicker to take advantage of the opening of the former communist markets and of the popular appetite for western and American products and fashions – catching the headlines when it opened its Moscow restaurant in 1990.

McDonald's began its activities in the region in 1988 with restaurants in the former Yugoslavia and Hungary, then rapidly built up its presence with more than 40 outlets currently operating in the region including Poland, the Czech Republic, Slovenia, and Russia. But Pepsico, owner of KFC, Pizza Hut and Taco Bell, which specialises in Mexican food, is fighting back in the war to win eastern European palates weaned on the more stolid fares of pork, goulash, dumpling and boiled cabbage.

KFC's move into the Czech Republic is part of a strategy of rapid development in the region. "We also have very aggressive growth plans in Poland where we will open at least another 10 outlets next year," says Mr David Rutley, business development director for central Europe at Pepsico Restaurants' division in London. Pepsico currently has two restaurants in Warsaw, and three in Budapest.

The company is upbeat about prospects in the Czech Republic where it will be partner in a joint venture with Motokov, a diversified Czech trading company. "Our experience in Poland has been wildly successful," a spokesman at the company's headquarters in Louisville, said. The Czech Republic has good economic prospects and chicken is already part of the local diet.

KFC's first Czech outlet will be opened in the summer and offer its standard fare of fried chicken, mashed potatoes and biscuits. Encouraged by results elsewhere in the region, the company is confident of success.

The main competition will come from McDonald's whose four outlets in Prague, and another three in provincial cities, have been highly popular among the younger generation. Pepsico admits there is sharp international competition between the two groups on the global market, but says it is misleading to talk of competition in individual markets. "We offer very different products, so we don't really compete in that sense," says a spokesman.

But not everything goes according to plan. McDonald's closed three of its six restaurants in the former Yugoslavia because of the civil war and the United Nations embargo which prevents it from importing crucial ingredients. Three restaurants remain, but they have been downgraded, losing the characteristic red and gold arch symbol.

Finding good local supplies is crucial for keeping prices low in an increasingly competitive environment.

KFC says it normally uses local suppliers importing only the recipe's secret herbs and spices from the US, but the pale-fleshed Czech chicken may not be be up to Kentucky's standards.

Third quarter US growth revised upward

The US economy grew slightly more briskly in the third quarter of this year than previously thought, Reuter reports from Washington. The reason, said the Commerce Department, was that businesses stepped up production of goods for inventories. Third quarter gross domestic product was valued at $5,140bn.

In a second and final look at national output during the third quarter, the department said GDP expanded at a 2.9 per cent annual rate instead of 2.7 per cent as earlier estimated.

Though third-quarter growth was modest, it eclipsed increases of 0.8 and 1.9 per cent in the first and second quarters. Consumer spending was strong, helping set the stage for a much firmer closing quarter this year.

Damaging floods in the Midwest and drought in the southeast cut about 0.6 percentage point from third quarter growth by destroying crops. But a rebound in the fourth quarter for agricultural production will add about 0.4 of a percentage point to fourth quarter output, department officials said.

The key reason for the upward revision in third quarter growth was that businesses added about $2.7bn more goods to their inventories than previously estimated.

Inflation was restrained in the third quarter with the implicit price deflator rising at a 1.6 per cent rate, the same as reckoned earlier, and the GDP fixed-weight index up 2.1 per cent instead of 2.2 per cent.

The department said Americans saved just $0.038 out of each dollar of income in the third quarter, close to the lowest level since 1950.

Consumer spending rose by $36.9bn in the quarter after $28.9bn in the previous quarter. Non-farm businesses boosted their inventories by $19.4bn in the third quarter instead of by $16.7bn as estimated previously.

Foreign trade faded in the third quarter. Net exports – the difference between foreign sales and imports – decreased by $11.1bn after falling $15.3bn in the second quarter.

Corporate profits after taxes grew only 0.7 per cent in the third quarter to a seasonally adjusted annual rate of $274.3bn after a 5.2 per cent increase in the second qaurter.

Right-winger Mr Vladimir Zhirinovsky (left), who emerged from recent elections as leader of Russia's largest parliamentary party, soaked up Alpine sun yesterday, courtesy of an Austrian proud of his service in the Nazi Waffen SS, and boasted he would beat Mr Boris Yeltsin in a presidential election, AP reports from Reichenfels, Austria.

Mr Zhirinovsky denied he was a right-wing nationalist and exuded confidence over his future. But he said nationalism was "the most important instrument of internal politics in all former republics of the Soviet Union".

His host Mr Edwin Neuwirth (right), 67, a bankrupt timber dealer, is an unabashed Nazi. Mr Neuwirth told reporters he was proud of having volunteered for the Waffen SS, where he served from age 16-19 after his ethnic German family was driven out of Moldavia in 1940.

"But phrase it nicely, with the Waffen SS," Mr Neuwirth told the AP. "There aren't so many left who are still proud of it." Picture: Reuter

Chinese air hijack talks fail

By Dennis Engbarth in Taipei

Taiwan and China yesterday ended five days of talks without resolving the problem of frequent hijackings of Chinese aircraft to Taiwan.

The two sides could not agree on mutually acceptable language for an agreement in principle that hijackers should be repatriated. Nine Chinese aircraft have been hijacked to Taiwan this year.

The failure underlines the difficulty both will have in solving intractable problems as "unofficial" contacts gather pace. The talks were the third round of negotiations on practical issues agreed by Taiwan's Strait Exchange Foundation and China's Association for Relations Across the Taiwan Strait in April.

Taiwan officials said the critical gap remained Beijing's unwillingness to accept Taiwan's "right of legal jurisdiction" – a code phrase for the island's sovereignty as a political entity separate from China.

Mr Shih Chi-ping, a Taiwan official, said: "Although the mainland side is eager for us to repatriate suspected hijackers, they are unwilling to accept the fact that we have equal rights of legal jurisdiction."

Mr Hsu Hui-you, chief negotiator on the Taiwan side,said the discussions had for the first time "got down to core issues." But he said there were "fundamental differences in thinking and methods to solve problems that made it difficult to reach consensus on decisive issues."

Elections weaken Milosevic's grip on Serbs

Laura Silber reports from Belgrade on the outcome of last weekend's voting

Prospects for stability in the Balkans, which hinge on Serbia, looked headed for deeper political uncertainty following the results of parliamentary elections at the weekend.

Despite the claims by the ruling Socialists of an overwhelming triumph, President Slobodan Milosevic has clearly failed to win an outright majority. Nearly complete results show them winning some 123 of parliament's 250 seats. However, the opposition parties have together emerged stronger.

Mr Milosevic, a leader incapable of sharing power, will thus face an assembly deeply divided between Socialists and opposition parties.

The latter include the Depos coalition led by Mr Vuk Draskovic, the ultranationalist Radicals under Mr Vojislav Seselj, and the Democratic party. This party, led by Mr Zoran Djindjic, runs a middle course in Serbia's schismatic political landscape and made the largest electoral gain.

The opposition, however, is united only against Mr Milosevic. In the unlikely event that they managed to agree on a common platform, it would differ little from that of the Socialists on the national question. During the campaign, no political leader voiced opposition to the war in Bosnia or the 21-month siege of Sarajevo by Serb forces.

When the war erupted in former Yugoslavia in 1991, President Milosevic was the indisputable leader of all Serbs. Now, he remains the most influential, but his hold over Serb politicians, particularly those outside Serbia, has weakened significantly.

Since the start of peace talks on Bosnia last year, international mediators have counted on him to exert pressure on his Bosnian Serb proxies to endorse an agreement. But shrugging off international threats, Bosnian Serbs have refused to hand over enough land to give their Moslem adversaries the viable state sought by western governments.

In May, they even snubbed Mr Milosevic by rejecting his attempt to strong-arm the Bosnian Serb "assembly" into endorsing the Vance-Owen peace plan for Bosnia.

Two weeks ago, in spite of considerable support from Belgrade, his protege lost presidential elections in the self-styled Serb state of Krajina, which covers a third of Croatia. The victory of Mr Milan Babic, who is politically independent from Belgrade, will make it impossible for Mr Milosevic and his Croatian counterpart, Mr Franjo Tudjman, to bypass local Serb leaders in reaching a settlement on the status of Krajina.

The European Union has stressed that reaching a *modus vivendi* in Croatia is an integral part of the peace package, without which there will be no gradual lifting of sanctions imposed on Serbia by the United Nations 19 months ago for the violent partition of Bosnia.

While western governments still pin their hopes for an agreement on him almost exclusively, the Serbian leader will be forced increasingly to devote his attention to the economic deluge in his country. Devastated by sanctions and footing the bill for nearly three years of war in neighbouring Bosnia and Croatia, Serbia has plunged into poverty. Inflation is expected to reach a monthly rate of 500,000 per cent by the end of the year.

The drama of the southern province of Kosovo is also still waiting to unfold. The majority ethnic Albanian community there boycotted last weekend's election with the result that the tiny Serb population, just 7 per cent of the total, gave the Socialists one fifth of their 123 seats.

There is no chance of stability in the Balkans without a solution of the status of the Albanians living in a virtual parallel state under police control.

The Albanian question will draw in newly recognised Macedonia, where ethnic Albanians comprise more than a third of the population.

IBM staff to work longer

IBM Deutschland Informationssysteme, German unit of International Business Machines of the US, said it would extend working hours for its employees next year without paying them more, Reuter reports from Stuttgart.

IBM Deutschland said many of its 12,000 workers would work 38 hours a week from January, instead of 36 hours, without extra pay.

IBM, which had sought a 40 hour working week, said it had reached an accord with the DAG white collar union.

Car industry confronts price 'fantasy'

By Kevin Done, Motor Industry Correspondent

A closer convergence in new car prices across west Europe would remain "a mere fantasy", as long as the European Union is confronted with frequent significant exchange rate realignments, leaders of the European car industry claimed yesterday. A survey published by the European Commission suggested yesterday that around 80 per cent of the prices for cars produced by European manufacturers and 90 per cent of Japanese models showed price differentials of less than 20 per cent as at the end of November.

The Commission said that Spain and Portugal were the lowest priced markets in the EU, while Germany was the highest.

The European Automobile Industry Association (ACEA) claimed that manufacturers' efforts to reduce price differences had not been reflected in the prices published by the Commission, as they had largely been offset by recent currency realignments versus the Ecu. These had varied from a 3 per cent revaluation in the DM and the guilder and 7 per cent devaluations of the escudo and the peseta.

The ACEA claimed that currency fluctuations were the "decisive influence" on car prices.

Spain was now the lowest priced market in the EU, but only in June last year it had been the highest priced market. The Commission accepted that car manufacturers had tended to reduce price differentials for most of their models, and said that about 90 per cent of all car price differentials were less than 20 per cent. All of the European manufacturers have price differentials of more than 25 per cent for at least one model, however.

French probe is launched over Tapie business

By Alice Rawsthorn in Paris

Mr Bernard Tapie, the flamboyant French politician and businessman who owns the Olympique-Marseille football club, is to be officially investigated by magistrates over alleged financial malpractice at Testut, one of his businesses.

Mr Tapie, who was minister of urban affairs in the last socialist government and is a protégé of Mr François Mitterrand, the French president, was questioned yesterday about the Testut affair by judges at Béthune in northern France.

His parliamentary immunity was lifted earlier this month by a special National Assembly vote so that he could be questioned.

The judges announced after questioning that Mr Tapie had been formally placed under investigation.

The case concerns allegations that Testut bought Trayvou, a loss-making company also owned by Mr Tapie, at an inflated price, only to sell it back to him for a token sum after increasing its capital by FFr30m (£3.4m). Mr Tapie has repeatedly denied that any financial irregularities occurred.

The next stage of the French legal procedure would be for Mr Tapie to go on trial. If he were found guilty he would risk losing his parliamentary seat and face personal bankruptcy. Recent estimates have suggested that he has personally-guaranteed bank loans of up to FFr1bn.

Mr Tapie was until recently lauded as a working class hero by the French public, but his image has been badly damaged by this summer's scandal over alleged match rigging by Olympique-Marseille officials and more recently by the Testut affair.

He topped the "biggest disappointment of the year" poll in this week's Paris-Match magazine, beating the French football team, which failed to qualify for the World Cup, into second place.

Talks on Palestinian self-rule seek to end stalemate as Arab-Jewish violence mounts

Israelis protest against killing of settlers

By Julian Ozanne in Jerusalem

Thousands of Israelis demonstrated across the country last night after the killing of two Jewish settlers by Arab gunmen as Israeli and Palestinian peace negotiators continued intense efforts in France to break a deadlock over Palestinian self-rule.

Protesters chanted anti-government slogans and accused Mr Yitzhak Rabin, the Israeli prime minister, of betraying the Jewish people and sacrificing the security of settlers in the Israeli-occupied West Bank and Gaza Strip. The demonstrations, calling on the government not to arm incoming Palestinian policemen, came after extremist Palestinian gunmen shot dead two Jews in a drive-by shooting near Ramallah, in the West Bank.

Yesterday's killings brought the death toll since the signing of the Israeli-Palestinian peace accord in September to 20 Israeli and 44 Palestinians.

Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, met Mr Nissim Zvili, a senior Labour party official, in Tunis and told him that the attack showed both sides that time was not in their favour. Both Israel and the PLO fear that Arab-Jewish violence will escalate in the vacuum created by the continuing stalemate in talks to implement Palestinian self-government in the occupied Gaza Strip and the West Bank area of Jericho.

In Versailles, the two negotiating teams led by Mr Shimon Peres, the Israeli foreign minister and Mr Yassir Abed-Rabbo, a PLO executive committee member held difficult meetings throughout the day to try and break the deadlock which centres on who should control border crossings. Both sides were struggling to find a compromise which would guarantee Israeli security concerns while at the same time giving the Palestinians some concessions towards at least symbolic sovereignty.

After his meeting with Mr Arafat, Mr Zvili said the PLO chairman had said he understood Israeli security worries "but we should understand the political and psychological problems of the Palestinian people".

In a sign of an apparent softening of the PLO demands for full control over the borders Mr Suleiman Najjab, a PLO executive committee member, said: "Yes, Israel may keep external security in its hands but not at the expense of Palestinian sovereignty."

Israel Radio said Mr Arafat told Mr Zvili he had instructed his negotiating team "to sit and discuss until white smoke comes out of the room".

The Yesha Council, the organisation which represents Jewish settlers in occupied Arab lands and opposes the peace agreement, said yesterday's attack would not prevent more people moving into settlements in the occupied territories.

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Bombay scam puts minister under threat

By Stefan Wagstyl in New Delhi, Nikki Tait in Sydney and Alexander Nicoll in London

India's health minister was under pressure from the opposition to resign yesterday after being heavily criticised in a parliamentary report on the Rs40bn (£850m) Bombay securities market scandal.

The report, published on Tuesday, said Mr B. Shankaranand, when oil minister and chairman of the Oil India Development Board, a state enterprise, had violated prudential norms in his personal supervision of the board's investments. The board deposited Rs2.08bn with investment companies which have since defaulted on repayments.

The joint parliamentary committee's report was a comprehensive indictment of India's financial system, including the ministry of finance, the Reserve Bank of India (the central bank), stockbrokers and commercial banks, particularly foreign banks.

It urged the government to suspend the banking licences of ANZ Grindlays of Australia, Standard Chartered Bank of the UK, and Citibank and Bank of America of the US.

Standard Chartered, which suffered a £305m loss from the scam, said it was "surprised and disappointed" by the report's conclusion that foreign banks originated the scam and were the "biggest players". "We would strongly dispute that," a spokesman in London said, adding that the contention was at odds with the evidence laid out in the report itself.

The spokesman said: "It would be very unjust for foreign banks to be singled out for possible stringent penalties unless similar action is taken against Indian banks which are proved to have been involved in similar irregularities."

Yesterday, shares in Australia and New Zealand Banking Corporation, the Melbourne-based institution whose ANZ Grindlays operation was one of four foreign banks slammed by the committee, fell about 2 per cent.

Mr Don Mercer, ANZ's chief executive, said it was difficult to comment without having seen the report, but added: "Early indications are that it contains no new material". He said the bank was concerned by "the apparent implication that foreign banks behaved in any way differently from local banks in relation to market practices at the time".

Citibank's Bombay office said it now complied with all internal and external regulatory requirements.

The Indian parliament will debate the report today. The Bharatiya Janata Party, the right-wing Hindu opposition party, urged the government to take action against Mr Shankaranand.

In Bombay, India's commercial capital, reaction to the report was muted. Commercial bankers said the central bank would be under pressure sooner or later to respond to the report, which condemned it for lax supervision of the markets.

On the Bombay Stock Exchange, there was no trading for a seventh day because of a strike by brokers protesting against a planned clampdown on forward trading by the Securities and Exchange Board of India, the markets watchdog.

A senior BSE official said the exchange would follow up the criticisms made in the parliamentary report. MPs reserved some of their toughest comments for the stock market which they said was racked by insider trading, poor transparency and routine flouting of regulations.

The parliamentary committee spent over a year investigating the affair, which erupted in April 1992 when evidence emerged that money was being illegally siphoned out of banks and into the stock market. The scandal resulted in a cabinet minister's resignation and the arrest of leading businessmen and brokers.

Cheerful: President FW de Klerk (left) smiles at the final session of the whites-only House of Assembly in Cape Town. With him are Prison Minister Adriaan Volk and Defence and Justice Minister Kobie Coetzee (right). AP

Deadlock remains over attempt to draw black and white right wing into constitutional process

South African MPs vote to end minority rule

By Patti Waldmeir in Cape Town

The South African parliament yesterday voted formally to end three centuries of white minority rule, adopting a non-racial constitution despite opposition from black and white right-wing groups.

Cries of "traitor" broke out from the parliamentary seats of the ultra-right Conservative Party, while independent legislators who support the African National Congress shouted "amandla", or power, foreshadowing the bitter political battles to be fought before next April's multi-racial elections.

Though negotiators from the government, the ANC and the right-wing parties managed to avoid a permanent rupture when last minute talks ended on the eve of the vote, their negotiations remain at an impasse. In three days of intensive talks this week, no substantive progress was made to persuade the right wing to accept the transition to majority rule. The negotiators' main achievement was to open the door to continued talks, with a new deadline of January 24 for agreeing amendments to the constitution passed yesterday in parliament.

"The process never ends," government chief negotiator Roelf Meyer said at the literal and metaphorical midnight hour when the deadline passed for amending the constitution before yesterday's vote. Indeed, the process has not ended: negotiators from the Freedom Alliance, the right wing umbrella group, will take a proposal to their principals to allow talks to resume in the new year. But that proposal covers only the process, not the substance of a deal: it would commit the Alliance to participate in elections and the Transitional Executive Council, if their constitutional demands were met. But it goes no way toward dealing with the substance of those demands.

While the Inkatha Freedom Party, one of the most important Alliance members, has reached a measure of agreement with the government on amending the constitution to increase the powers of regions, less common ground seems to exist with the ANC. With the balance of power having decisively shifted toward the ANC after adoption of what is close to a majority rule constitution, no deal can be done with the Freedom Alliance unless the ANC supports it.

Some political analysts doubt the ANC's bona fides in seeking a deal with Inkatha. It seems more committed to placating the white right wing. There is no doubt that further delay acts to the short-term political advantage of the ANC and the government, whose election campaign plans are well advanced, and to the detriment of those parties who formally enter the race at a later stage (parties must lodge election lists in February).

The ANC and the government are apparently hoping the delay will further strain the Freedom Alliance, and cause it to split – the best possible outcome for them as politicians. But if, as the rhetoric from both sides suggests, they are also keen to act as statesmen and ensure an all-inclusive constitutional settlement, their tactics of brinkmanship and ultimatums may yet backfire. Chief Mangosuthu Buthelezi of Inkatha is unpredictable at the best of times, never more so than when his back is against the wall.

Many ANC and government negotiators seem strangely unconcerned by Chief Buthelezi's ability to disrupt the election, if he finally decides to boycott it. ANC officials worry more about the threat from the white right wing, especially the Conservative Party and the paramilitary Afrikaner Weerstandsbeweging (Afrikaner Resistance Movement) – but they were not concerned enough to ensure that constitutional amendments on Afrikaner self-determination went into the constitution, to give effect to an important ANC/right wing declaration of intent on an Afrikaner homeland. That deal was to have been signed on Tuesday, but it fell apart when the broader right wing talks failed.

Some ANC negotiators say they believe that Inkatha and much of the white right will participate in elections, whether or not their constitutional concerns are met, and that it is not worth giving away too much to woo parties who have no realistic option but to fight elections anyway.

Mortification of a mighty Miti mandarin

By Robert Thomson in Tokyo

Japan's coalition government won a showdown against the powerful bureaucracy yesterday, when a senior official of the Ministry of International Trade and Industry resigned after prematurely promoting a colleague to enhance his curriculum vitae.

The defeat of the mighty Miti echoed around the streets of Kasumigaseki, Tokyo's bureaucratic district, where officials of other ministries saw the government's action as an encroachment on their traditional territory and an attack on their reputation.

Mr Masahisa Naito, director-general of Miti's industrial policy bureau, admitted that he had erred by promoting his colleague, who became an unsuccessful candidate for the Liberal Democratic party, but thought that the offence did not warrant his resignation.

He was urged by other bureaucrats to hold out against the resignation demand by Mr Hiroshi Kumagai, the Miti minister, but Mr Naito apparently sensed that public opinion was running against the bureaucrats and their political partisanship.

"I wouldn't say that Mr Naito broke the law, but if you were asked whether his behaviour was appropriate or inappropriate, then you couldn't say it was appropriate," Mr Kumagai said.

The outcome was also a victory for Mr Ichiro Ozawa, the powerbroker who pulled together the coalition and who is close to Mr Kumagai. In recent weeks, Mr Ozawa has complained about the lingering influence of the LDP, now in opposition for the first time in four decades, at Miti and other ministries.

However, it is unclear whether the attacks on the bureaucracy's power will continue or whether the government will just target officials with close LDP ties, which, in the past, were important for the ministries.

Japan's bureaucrats believe that they have run the country since the end of the war, as the LDP routinely changed ministers every year, meaning that few had the time to master their ministries and left most of the important decisions to senior officials.

Miti officials complained yesterday that the campaign against Mr Naito came as the coalition government is increasingly fragile and another election is imminent. The Naito case, they say, has undermined the stability of the bureaucracy without ensuring longer-term changes in the relationship between politician and ministry.

Business confidence plummets

By William Dawkins

The Japanese finance ministry's index of large companies' business confidence hit a record low of minus 21.8 in the quarter from September to December, down from 18.6 in the previous three month period.

But medium sized companies and service industries reported a slight improvement, offering a glimmer of hope for Japan's embattled government, whose popularity is starting to suffer from its failure to tackle the recession.

A majority of the sample of just over 11,000 businesses thought conditions would improve in the next few months.

Corporate profits in the three months to the end of September fell by 21.6 per cent from the same period a year earlier, declining for a record 13 quarters running, said the ministry.

However, the problems ahead were underlined yesterday by the latest poor statistics from the car industry, confirming heavy surplus capacity. The Japan Automobile Manufacturers' Association estimated that production in the first 11 months of the year reached 10.4m vehicles, down 9.5 per cent on the same period in 1992.

Jama believes output for the year will reach 11.2m units, which compares with maximum production of 13.2m vehicles. Output in November fell 12 per cent against 1992.

NEWS IN BRIEF

Patten to discuss HK with Major

Mr Chris Patten, governor of Hong Kong, will meet Mr John Major, UK prime minister, in Britain next month, Louise Lucas writes from Hong Kong. He will also give evidence to the foreign affairs select committee. The announcement comes after a week of worsening Sino-British relations, precipitated by Mr Patten's tabling of a partial reform bill aimed at extending democracy in the colony. China has accused Britain of violating agreements reached between the two countries and of ending negotiations by going ahead with the legislation without Chinese approval.

French spending declines

French consumer spending on manufactured goods fell by 1.6 per cent last month, according to figures published yesterday by Insee, the state statistics institute, Alice Rawsthorn writes from Paris. The November fall followed a reduction of 1.2 per cent in October and underlines the pressures on the economy in France where consumer confidence has been depressed by high real interest rates and rising unemployment.

Caracas bomb case ends

An appeals judge has thrown out charges against a businessman accused of masterminding a scheme to set off bombs and speculate on Venezuela's financial markets in the ensuing panic, AP reports from Caracas. Thor Halvorssen, 50, former telephone company president linked to international anti-drug efforts, was freed from jail after the judge found insufficient evidence to uphold charges of homicide, property damage and intimidation.

Grundig repays subsidies

Grundig-Austria has repaid Sch67m (£3.7m) of subsidies totalling Sch100m from the city of Vienna, following a decision on Monday by European Union foreign ministers to withdraw tariff concessions on imports from the Austrian company. The decision affects General Motors' Austrian plant which faces punitive tariffs on its imports in EU countries of cylinder heads and gear boxes.

Hosokawa's star begins to fade as coalition looks vulnerable

By William Dawkins in Tokyo

Support for the cabinet of prime minister Morihiro Hosokawa has plummeted by 10 percentage points over the past month to 60 per cent, according to a survey yesterday by the Asahi Shimbun daily newspaper. Formerly, Mr Hosokawa was the most popular prime minister since the second world war.

The survey's publication coincided with a fresh split in the Social Democrats, the largest party in the coalition, which appears to be preparing to divide into two parties with uncertain allegiances.

In an attempt to restore flagging public confidence, Mr Hosokawa plans to announce tomorrow an outline plan to stimulate the economy, said government officials. An economic package was embarrassingly shelved earlier this month due to splits in the seven-party coalition and opposition from the conservative finance ministry.

Mr Hosokawa also intends to apologise for failing his election pledge to pass plans to reform Japan's corruption-prone political system by the end of the year, said officials. Delaying tactics by the traditionalist wing of the opposition Liberal Democratic party forced Mr Hosokawa to extend the parliamentary session to January 29.

Yesterday's poll confirms that the government's popularity is firmly in decline, first indicated in a survey two weeks ago. The change of fortunes occurred soon after the government outmanoeuvred the LDP last month to ram the political reform bills through the lower house.

The LDP, which ran Japan for 38 years until Mr Hosokawa's arrival last summer, counter-attacked by impeding the plans in the upper house and by putting pressure on the government to switch its attention from reform to the economy.

To make matters worse, Mr Ichiro Ozawa, the government's powerful backroom negotiator, has temporarily taken a back seat. Associates say Mr Ozawa is recuperating from exhaustion and influenza, rather than plotting his next political move, as speculated by the popular press.

A further sign of the coalition's fragility emerged yesterday with the formation of a 40-strong study group of moderate and right wing members of the Social Democratic Party, the coalition's largest and most troublesome member.

Previously, study groups like this have been precursors to factions or new parties. This group, called the Democrats, is understood to be seeking members from other parties, including the LDP.

The SDP's recent ability to overcome left wing members' opposition to opening the rice market indicates that it values power enough to control internal differences. But the study group is a sign that the coalition will not last long once it has achieved political reform, the only task on which its members more or less agree, believes Mr Jeff Young, political analyst at Salomon Brothers Asia.

Hosokawa: support slipping

Japan urged to open up pension fund investment

By Emiko Terazono in Tokyo

European and US fund managers are increasing their calls for Japan's ministry of finance to open investment of the country's vast state pension funds to asset management companies.

Pressure from the US forced the ministry to liberalise partially fund management of corporate pensions and mutual aid associations in 1990. However, the Y20,000bn (£125bn) worth of state pension funds are still tightly guarded and allocated to trust banks and life assurers.

The issue has also been debated among Japanese and US trade officials in the bilateral framework talks. The third round of the talks ended this week, but made little progress.

The country's ministry of health and welfare, which holds jurisdiction over the state pension system, also wants to diversify its investments and is calling for the ministry of finance, which controls the way the pension funds are invested, to change the regulations. The welfare ministry is concerned that because of the sharp pension fund growth, the amounts allocated to any one fund manager are swelling.

Laws covering the state pension system are reviewed every four years, and welfare ministry officials fear that if they cannot convince the finance ministry by next April, the rules cannot be changed until the next review in 1998.

European and US investment advisers say the ministry of finance's tight regulation prevents money flowing to investments with the highest yields. However the ministry counters that as the government has to guarantee social security benefits, it cannot allow state pension funds invest in stocks, which most investment advisory companies specialise in.

Mr Hitoshi Yamamoto, president of Morgan Grenfell Asset Management in Tokyo, objects that this stance goes against efforts by prime minister Morihiro Hosokawa to remove excessive bureaucratic regulations.

Provincial riots point to Argentina's economic weaknesses

John Barham reports on the first serious challenge to Menem's reform programme

Calm has returned to Argentina's remote province of Santiago del Estero, but the problems that touched off the worst violence seen since hyperinflation gripped the country in 1989 still remain.

A week ago about 5,000 people rampaged through the provincial capital. Unchallenged by police, they burned the governor's palace, the legislature and courthouse. They ransacked and set fire to the homes of politicians and looted stores.

Rioting started when the government said it would not pay wages due since September and October and threatened to cut jobs.

The disturbances were the first serious challenge to Mr Menem's four-year economic reform programme. Immediately, the call went out for a softening of Economy Minister Domingo Cavallo's strict market-oriented policies.

But Mr Menem firmly backed Mr Cavallo. He said economic policy "is not negotiable. These adjustment plans are absolutely necessary". He appointed a close Cavallo ally, Mr Juan Schiaretti, a federal deputy, as administrator of Santiago del Estero for five months.

> **President Carlos Menem's re-election bid overcame a big obstacle yesterday when the lower house of Argentina's Congress narrowly approved a package he had negotiated with Mr Raul Alfonsin, former president and leader of the opposition Radical party, John Barham writes. The constitution bans consecutive presidential terms, but the Radicals back reform in return for amendments reducing the president's powers and a greater opposition role in government.**

On Monday, Mr Schiaretti defused the unrest by paying $500 in emergency wages to each of the province's public employees and $350 to pensioners.

The rioting rammed home the critical state of many of Argentina's 23 provinces. Most suffer heavy unemployment and poverty, which governments try to offset by increasing public employment. In Santiago del Estero, one third of people of working age works for the government and 15 per cent are unemployed or under-employed.

Invariably, this has led to unmanageable budget deficits, worsened by widespread corruption and maladministration. Although Santiago del Estero is one of the poorest regions of Argentina, senior government officials paid themselves wages of $10,000-18,000 while public employees get $180-$500.

Santiago del Estero is not the only province in deep trouble. In nearby La Rioja, which Mr Menem governed intermittently from 1973-89, unrest made the local government drop a plan to cut 10,000 jobs.

La Rioja's government spent $398m last year. Roughly one-third of the money came from federal grants and loans and over half in tax-sharing transfers. It raised only $28m in taxes and still ran a 1.3 per cent budget deficit.

This week has seen two more provincial governments back down from job-cutting programmes in the face of public hostility.

Public employment and spending has grown strongly in the provinces in the 10 years since civilian rule was restored. With only a few exceptions, provincial governors' authority rests on distribution of patronage, government jobs and in some cases by buying votes and rigging elections.

Santiago del Estero's rioters were driven not only by fury at losing jobs, but disgust at government corruption and a contempt for politicians. Mr Cavallo's demands for a minimum of financial rationality threatens the power of governors, most of whom belong to Mr Menem's Peronist party. Over the last three years, six local governments have fallen, usually leading to rule by a federal administrator.

The gap between rich and poor is growing, as is an already sharp division between wealthy and backward regions. Argentina's strong growth since 1991 is restricted almost entirely to Buenos Aires and the industrial provinces of Cordoba and Santa Fe. But even Santa Fe reports rising unemployment as obsolete factories close in increasing numbers.

Tension elsewhere could grow as a shakeout in industry gathers pace. Unemployment the Buenos Aires industrial belt has risen 40 per cent in a year to 9.4 per cent. The absence of a government social safety net to care for victims of economic dislocation and inefficient social policies are exacerbating the trauma of reform.

Mr Cavallo has been struggling with the provinces since he took office in January 1991. Their budget deficits, uncontrolled spending, poor tax systems and worsening economic problems all threaten economic stability.

Buenos Aires cannot let the provinces sink or swim, because Mr Menem needs their representatives' support in Congress, both to approve routine legislation and to garner the necessary two-thirds support needed to reform the constitution. Mr Menem wants to stand for re-election for a second term when his mandate ends in 1995, which requires a change to the constitution.

Mr Cavallo promises to redouble efforts in 1994 to make the provinces reform. Last year he devolved responsibility for education and health to the provinces. He has provided money to provinces that streamline their tax systems and offered subsidies for private companies to take on surplus government employees.

But usually the governors simply use the increased revenues to raise public employment. Private companies in most provinces are either in declining industries or too weak to absorb surplus public employees.

NEWS: CURRENCIES' SUMMER OF DISCONTENT

Faultlines show in Franco-German unity

The moment of truth for Europe's exchange rate mechanism came on Friday July 30 at a secret meeting of French and German ministers and officials in Paris. **David Marsh** tells the story of this bruising encounter and of other summer crisis meetings that reveal an extraordinary clash of policy and psychology between two governments which were previously renowned for their co-operation

When Mr Theo Waigel and Mr Edmond Alphandéry, the German and French finance ministers, sat down in Paris at secret midsummer talks to save the franc, international currency markets were close to boiling over.

The D-Mark/franc exchange rate, the core of the 14-year-old European monetary system, was rapidly melting under the impact of massive world-wide sales of the French currency. At one stage, the Bank of France was selling $100m a minute in borrowed foreign exchange in a frantic effort to stop its currency falling through its floor of FFr3.4305 to the D-Mark in the exchange rate mechanism.

Yet, as top delegations from the French and German finance ministries and central banks struggled in vain to resolve the crisis, the mood in Mr Alphandéry's conference room on the banks of the Seine grew steadily frostier.

The ERM's moment of truth came on Friday July 30 at Bercy in eastern Paris, behind the closed doors of the French Finance Ministry's headquarters. The meeting had been hastily arranged the previous evening at the personal intervention of Chancellor Helmut Kohl, the German leader, and Mr Edouard Balladur, the French prime minister who had staked his political future on upholding the franc.

The talks came 60 hours before European finance ministers, after a weekend of emergency discussions in Brussels, announced a sharp widening of ERM fluctuation bands to shield the system from currency speculation.

'It was like a Greek tragedy. All the characters were destined to play out a part. You couldn't imagine that they would do anything else'

The story of the Bercy talks, and of other undisclosed crisis meetings during the summer, has been assembled from conversations with participants from both the German and French sides. It reveals an extraordinary clash of policy and psychology between two governments previously renowned for their monetary co-operation.

In the five months since the ERM flare-up, the French and German governments have maintained their political support for Europe's efforts to develop the ERM into economic and monetary union, in line with the Maastricht treaty. Additionally, the link between the D-Mark and the franc has been partly reforged. The French currency this month has regained its pre-crisis level against the D-Mark, climbing back above its former floor in the previous "narrow-band" ERM.

However, it will take longer to rebuild a political consensus between the two countries on turning Emu into reality.

The ERM had already erupted several times in the previous 12 months. Hitherto, the high point of unrest and acrimony had been in September 1992, when Britain and Italy were forced to leave the system. Amid accusations from the UK government that the Bundesbank had deliberately tried to scuttle sterling's ERM link, Mr John Major, the prime minister, launched an attack on "faultlines" in the ERM. Even by the stormy standards of past ERM tussles, the Bercy meeting was remarkably tense.

Mr Alphandéry and Mr Jacques de Larosière, the governor of the Bank of France, wanted the four visiting Germans – including Mr Helmut Schlesinger, the Bundesbank president – to pump lifeblood into the ERM.

Instead, the French bore helpless witness to the biggest one-day haemorrhage of monetary reserves in history.

At the meeting, the French turned down Germany's suggestion of an immediate suspension of ERM intervention. Instead, they proposed that the D-Mark should leave the exchange rate mechanism. The suggestion was rejected by Mr Waigel's team on the grounds it would "singularise" the Germans as the cause of ERM tensions.

European financial markets were already in a state of unusual turbulence when the Germans arrived at the Finance Ministry at 10.30am on July 30. They had endured an uncomfortable hour-long journey in a minibus, driving through the Paris traffic from Villacoublay military airport south-west of Paris.

Two hours earlier, as the German delegation took off for Paris from Bonn-Cologne airport in a 10-seater German air force Challenger aircraft, the Bank of France had already started to borrow large amounts of foreign exchange to sell for francs.

As the talks progressed in the Finance Ministry, a messenger arrived at regular intervals, bringing up-to-the minute reports of the Bank of France's sharply rising drawings on its large "swap" credit from the German Bundesbank. The bilateral credit had been operating at sporadic intervals for at least a year.

By lunchtime, when the talks petered out without agreement, the credit – for a total of about DM30bn – was exhausted.

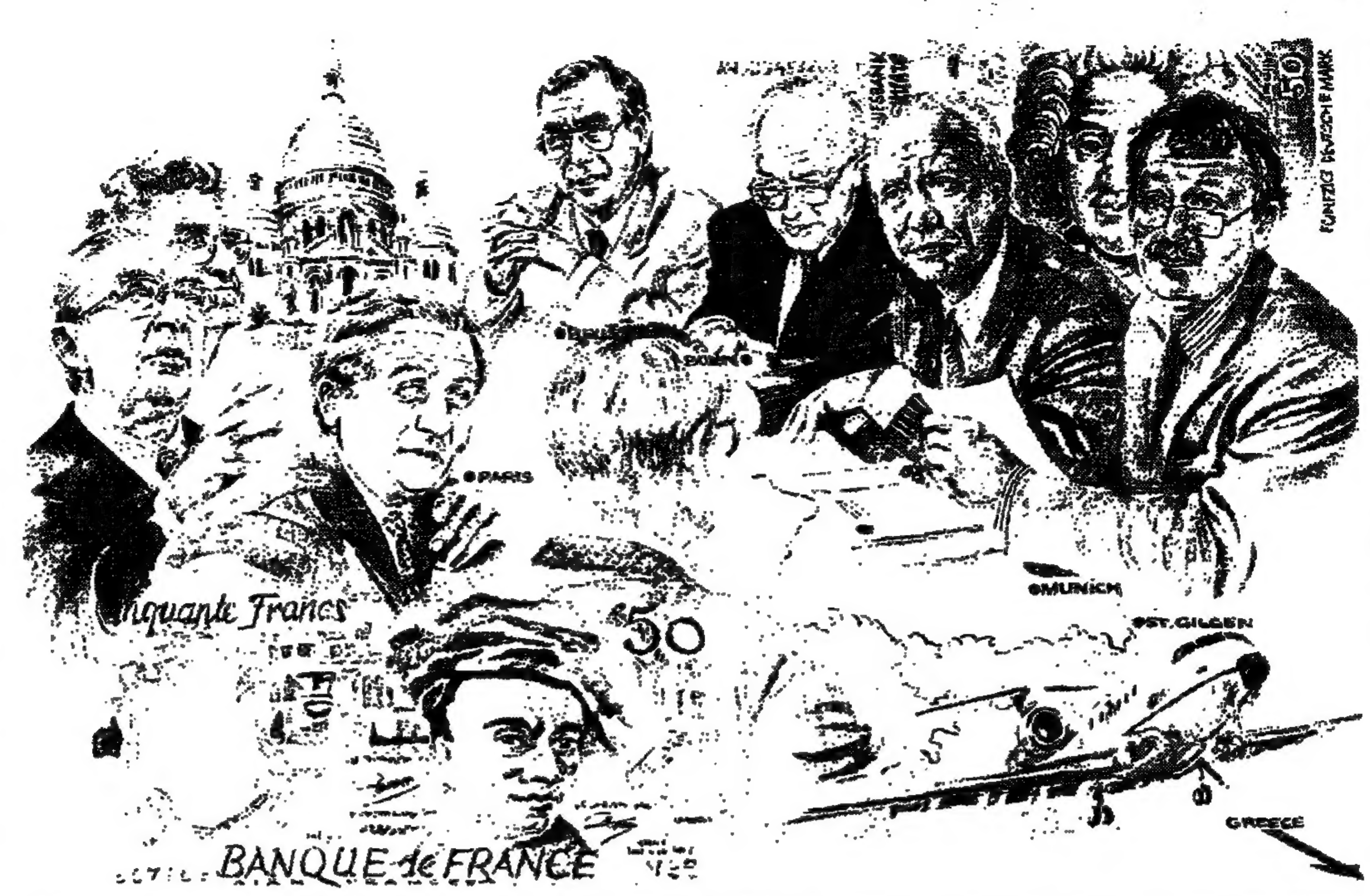
By the end of the day the total amount of foreign exchange deployed by the Bank of France to try to hold the franc's ERM parity is thought to have exceeded FFr300bn. Heavy foreign borrowing, from the Bundesbank and other central banks, wiped out France's foreign currency reserves, leaving the bank with a net deficit of more than FFr180bn.

The *dramatis personae* at Bercy included some of Europe's most experienced monetary officials. Apart from Mr Waigel and Mr Schlesinger, the German side included Mr Hans Tietmeyer, the Bundesbank deputy president, and Mr Gert Haller, state secretary at the Bonn Finance Ministry. Mr Tietmeyer has subsequently taken over the Bundesbank helm, moving to the president's job in October on Mr Schlesinger's retirement.

Accompanying Mr Alphandéry and Mr de Larosière (now president of the European Bank for Reconstruction and Development) were Mr Jean-Claude Trichet, director of the French Treasury (now governor of the Bank of France), and Mr Hervé Hannoun, the bank's deputy governor. Two interpreters were present, although part of the conversations were carried out in English to ease communication.

Significantly, Mr de Larosière led negotiations for the French side. Mr Alphandéry – who in June had irritated the Germans by making a rash and counter-productive public statement calling on the Bundesbank to cut interest rates – took little detailed part in the meeting.

The session at Bercy was the second top-level Franco-German get-together in eight days. The two delegations had met at another, more productive, secret meeting late in the evening on July 22 at the Hotel Marriott in Munich. They agreed to increase the ceiling of the swap credit between the Bundesbank and Bank of France, and to co-ordinate interest rate policies to help steady the franc.



The line-up at the battle of Bercy. Around the table in the French finance ministry's conference room (clockwise): Theo Waigel, Helmut Schlesinger, Hans Tietmeyer, Gert Haller, Hervé Hannoun, Jean-Claude Trichet, Jacques de Larosière, Edmond Alphandéry

The next day, July 23, the Bank of France raised its key overnight borrowing rate to 10 per cent – intensifying an already severe monetary squeeze and heightening Mr Balladur's political problems caused by recession and 3m-plus unemployment. The two governments issued a joint statement pledging support for the franc's ERM parity.

If the Munich talks signalled the start of the countdown to crisis, the Paris meeting marked the explosion. Just a day after widespread surprise that the Bundesbank's decision-making council, at its regular fortnightly meeting on July 29, failed to cut its key discount rate (then standing at 6¾ per cent) to assist the franc, Mr Waigel's delegation resisted French pressure for fresh interest rate cuts and extra Bundesbank support intervention.

The hastily arranged nature of the Munich and Paris meetings led to inevitable mishaps and misunderstandings, adding to the difficulties of reaching an agreement.

For the July 22 talks in the Hotel Marriott, which extended into the early hours, Mr Schlesinger flew to Munich in a small private aircraft from his holiday home in Greece. He arrived only at midnight, after hold-ups on the journey. Through an oversight, the German government failed to arrange transport at Munich airport to pick up Mr Alphandéry and the other high-ranking French visitors. They had to pay their own taxi fares to the hotel in the Munich district of Schwabing.

Similarly, on July 30, there was no official French government reception team on hand when Mr Waigel's delegation reached Villacoublay airport.

In view of the need for discretion, they were given neither limousines nor a motorcycle escort. This was almost certainly not a riposte – as some of the German delegation suspected – for the transport mix-up in Munich. However, the lateness of the German team's arrival at Bercy did nothing to improve the warmth of the talks or the likelihood of a meeting of minds.

At the outset, Mr de Larosière asked the Bundesbank to agree interest rate cuts for the following week on its securities repurchase agreements – the main method by which it channels funds to the banks.

He also urged the Bundesbank to buy unlimited amounts of francs against D-Marks to stop the French currency hitting its lowest permitted level of FFr3.4305.

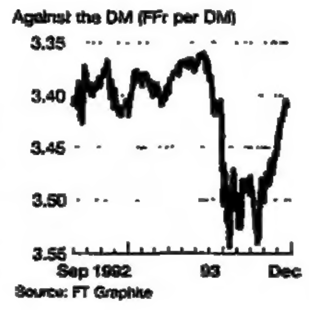
The Germans' response was acid. Although the Bundesbank the previous day had left its discount rate unchanged, it had cut by ½ point to 7¾ per cent the less significant Lombard rate, which sets a ceiling for German money market rates. This, Mr Schlesinger felt, went slightly further than the steps outlined at the July 22 meeting at the Hotel Marriott.

As for the request for unlimited intervention, Mr Schlesinger repeated the Bundesbank's long-standing opposition to taking part in such so-called "intra-marginal" support for currencies before they reached their ERM floors.

The debate about intra-marginal intervention soon became academic. At 11.00am, half an hour after the talks started, the franc fell to its D-Mark floor. This sparked off obligatory franc purchases by both central banks, with the Bank of France able to borrow unlimited quantities of foreign exchange under automatic ERM short-term lending facilities.

French franc

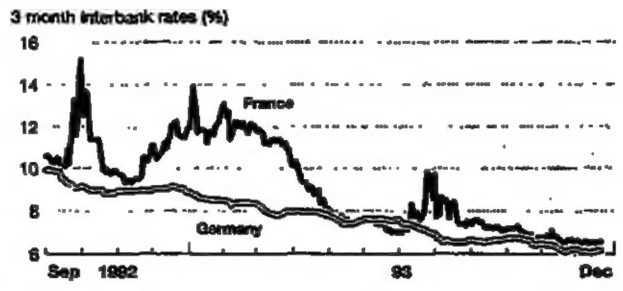
Against the DM (FFr per DM)



Source: FT Graphite

Interest rates

3 month interbank rates (%)



The Germans favoured lifting the obligation to intervene, which would have entailed closing the official lunchtime "fixing" of European currencies. This option, which would have needed the agreement of all Germany's European partners, had already been discussed informally with Mr Wim Duisenberg, president of the Netherlands central bank, and chairman of the committee of European central bank governors. It could be coupled, the Germans believed, with a joint Franco-German declaration convening the European monetary committee in Brussels the next day.

Such a move, the Germans argued, would save the French large-scale reserve losses caused by foreign exchange intervention. The French, however, knew that suspending the ERM in the middle of the trading day would be interpreted as an overwhelming defeat for Paris. They responded that central banks had a duty to maintain a market for the ERM currencies.

When the US exchange markets opened during the European afternoon, intervention to keep the franc within its ERM band picked up momentum. As a result, the scale of intervention to defend the franc at the end of July appears to have been more than twice the estimated £16bn spent by the Bank of England when Britain left the ERM on "Black Wednesday", September 16 1992.

Immediately after the Paris talks, Mr Waigel and his three companions flew to another secret meeting to plan the next steps with Chancellor Kohl. Flying via Bonn and Frankfurt to Salzburg in two aircraft, they arrived at about 5pm at the chancellor's rented holiday house in the Austrian village of St Gilgen am Wolfgangsee.

At least one of Mr Kohl's summer visitors feared the chancellor might try to persuade the Bundesbank to ease monetary policy to shore up the Franco-German political alliance. Instead, Mr Kohl was unexpectedly relaxed, agreeing with the idea – already voiced informally by the Bundesbank several months earlier – that the ERM should escape the currency market storms by moving to wider bands.

The following day, on July 31, the European Community's monetary committee, linking Finance Ministry and central bank officials from the 12 member countries, assembled to discuss the crisis in an anonymous European Commission building in Brussels.

After a frenetic weekend search for compromise, finance ministers announced in the early hours of August 2 that all currencies except the D-Mark and Dutch guilder were abandoning their existing 2¼ per cent fluctuation band and moving to 15 per cent.

Almost to the end of the Brussels meetings, France maintained its line that Germany should leave the ERM. The Paris government consented to the wider margins plan only after a telephone conversation between Mr de Larosière in Brussels and Mr Balladur in Paris, which took place between 11pm and midnight on August 1. They agreed that the bands should be set at 15 per cent.

This was greater than the original German suggestion of 6-8 per cent. However, Mr de Larosière told the Germans that setting the bands at a narrower level would be like offering speculators "slices of meat on the table".

Because of the pro-German solidarity of the Benelux countries, the French plan to eject Germany from the ERM was doomed from the start. Already on July 31, unknown to the French, the German and Dutch governments concluded an agreement that, whatever happened, the guilder – the ERM's second hardest currency – would remain firmly bound to the D-Mark. Later, Belgium and Denmark said they also wanted to follow the D-Mark.

The French thus ended up with the untenable policy of promoting a rump ERM from which the strongest members would have departed.

As the Bundesbank never tires of pointing out, the Maastricht treaty's Emu plan requires participating countries to display far-reaching political solidarity in uniting not only their currencies, but also their economic policies. In summer 1993, however, France and Germany put on a display not of solidarity but of miscalculation and wounded pride.

Yet there was also a curious air of fatalism to the drama, as if both sides were conducting a ritual with a pre-ordained outcome. As one participant at the Munich and Bercy meetings observes: "It was like a Greek tragedy. All the characters were destined to play out a part. You couldn't really imagine that they would do anything else."

Another participant says the outcome could have been averted had a full-scale realignment taken place in 1991 or 1992 involving a D-Mark revaluation, an idea which had always been hotly opposed by the French (and never put on the agenda by the German government). By July 1993, this official believes, the narrow-band ERM was beyond repair.

Particularly because of the widespread feeling that the September 1992 ERM crisis had been mishandled, the Germans were eager to show the French that the Bundesbank would play a constructive role in assisting the franc. Yet, when it came to the crunch, neither the French nor the Germans were prepared to make essential concessions to maintain the narrow-band ERM.

At Bercy, and at the earlier meeting in Munich, the two sides wanted to demonstrate that the alliance was still intact. As one German participant at the Munich and Paris talks puts it: "Each time we sought to resolve the situation. We understood that it [the D-Mark/franc rate] was a cornerstone of their policy."

The Germans had self-interested reasons for seeking to maintain France's firm exchange rate commitment. A sharp devaluation, of the sort carried out by Britain and Italy, would have damaged further German exporters' already poor competitiveness.

Both during the pressure on the franc which followed the Anglo-Italian ERM exit, and during another squall in January 1993, the French and Germans had invested large amounts of political and economic capital in preserving the D-Mark/franc parity.

The level of contacts in July 1993 contrasted sharply with the lack of any top-level personal exchanges between Britain and Germany in the crucial few days before Britain's ERM departure in September 1992.

Another important difference with the UK was that – in view of France's good anti-inflation record – both sides believed there was no need to make any changes to the franc's central parity against the D-Mark.

There was, however, a critical sticking point. The Bundesbank was concerned not to upset French feelings. But the fiercely independent central bank was even more anxious not to lose anti-inflation credibility by being dragooned into "political" interest rate cuts.

Mr Schlesinger had especially sensitive memories of the weekend of September 12/13 1992, when Italy devalued the lira four days before leaving the ERM, along with sterling. Over that weekend the Bundesbank decided to cut interest rates to help persuade Italy to devalue. The episode was interpreted, particularly in Germany, as infringing Bundesbank independence.

In the past the Bundesbank had made behind-the-scenes interest rate concessions to accompany ERM realignments, notably on the occasion of the ERM realignment in January 1987, which was the last time the D-Mark/franc parity had been changed. However, the September 1992 affair was the first time that such monetary deal-making had become public knowledge.

During his 41-year-long career at the German central bank, Mr Schlesinger had developed a strong mistrust of the inevitable dilemmas created for domestic monetary policies by fixed exchange rate systems.

When currency turbulence erupted anew in July, he was determined that, whatever method was chosen for resolving the dilemma, it should not jeopardise the Bundesbank's reputation for independence.

The Bundesbank's ambivalence about the monetary relationship with the French surfaced in revealing fashion on July 29, the day before the talks at Bercy. At the fateful meeting of its council that day, Mr Tietmeyer, more mindful of Franco-German sensitivities than Mr Schlesinger, suggested a ¼ point cut in the discount rate, but was overruled by his president.

In a gesture to help the French, Mr Schlesinger did agree that, in addition to the ½ point cut in the Lombard rate, the Bundesbank would allow its money market rates to fall in coming days below the 6¾ per cent discount rate.

Mr Schlesinger clearly feared, however, that, if this measure was given too much publicity, it would have looked like submission to political pressure.

As a result he announced the potentially important step in an off-the-record briefing, on the afternoon of July 29, with a small group of German newspaper journalists, rather than through an open statement that would have been relayed to the foreign exchanges by news agencies.

By the time the measure had become public knowledge the next day, it had already been overtaken by the worldwide flurry of franc sales.

'Each time we sought to resolve the situation. We understood that the D-Mark/franc rate was a cornerstone of their policy'

The summer discord between France and Germany throws shadows into the future. Before he took over as president 2½ months ago, Mr Tietmeyer told a long-time colleague that the Bundesbank should have been "more courageous" in easing its interest rate policies during the summer.

Nonetheless, Mr Tietmeyer agreed it had become necessary to break "illusions" about Germany's willingness to provide an automatic open-ended commitment to the franc.

Now that European exchange rates have settled down after the summer storms, France and Germany are likely to use their new monetary leeway to continue interest rate cuts as a means of promoting economic recovery.

There is little prospect for a speedy formal return to ERM narrow bands. But the German Finance Ministry believes the franc will remain firm in coming months, especially since the dollar is likely to strengthen and the D-Mark will remain burdened by worries about financing reunification.

Bonn officials hope a firmer franc, combined with a gradual European recovery, will lower French pressure for an "artificial" dash to monetary union – a prospect viewed with distaste by much of the German electorate.

On this reading, the shattering of Franco-German illusions could have a salutary effect. As Europe struggles to rebuild the project for monetary union, economic reality has established primacy over political vision. The chronicle of bruising encounters and spurned hopes of summer 1993 demonstrates that the dividing line between the feasible and the impossible can sometimes be excruciatingly thin.

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NEWS: UK

Construction order rise fuels recovery hopes

By Andrew Taylor, Construction Correspondent

Construction orders rose sharply during the three months to the end of October, according to figures published yesterday by the Department of the Environment. The figures suggest that a more broadly based recovery than previously thought is under way in the industry.

The value of construction orders rose to £16.31bn during the first 10 months of this year, a 9.5 per cent advance on the corresponding period in 1992.

During the latest three months, new work increased in every area of construction, compared with the corresponding period last year when investment fell sharply after Britain's decision to quit the ERM. Among the most encouraging of these three-month figures were rises of 20 per cent and 11 per cent in private industrial and commercial orders.

Contractors hope that private sector spending on homes, factories, warehouses, shops and offices will increase to compensate for reduced public investment in social housing and roads in last month's Budget.

Overall, the value of orders at constant 1985 prices rose by 18 per cent during August, September, and October, compared with the same three months last year. Orders were also 9 per cent higher than during May, June and July this year.

The biggest increases were in housing, where public sector orders, mostly from housing associations, were 33 per cent up on last year. Private housing orders during the same period rose 26 per cent.

Builders welcomed the increases but said improvement would need to be sustained. The National Council of Building Material Producers, a leading forecasting body, last week halved its projections for growth next year from 1 per cent to 0.5 per cent, blaming public sector spending cuts.

The council, which represents more than 2,000 companies with a combined annual turnover of more than £30bn, said yesterday there had been a bunching of private sector orders during the three months to the end of October. That was due to the ending of capital allowances for industrial building as well as a rush to qualify for construction-related Business Expansion Schemes due to end this month.

Cross-Channel shoppers alarm drinks industry

By Philip Rawstorne

The amount of beer brought into the UK this year by cross-Channel shoppers is equivalent to the total annual sales of 4,000 tenanted pubs or the production of two of the larger regional brewers, according to industry estimates.

More beer now pours across the Channel from Calais than the whole of French worldwide beer exports through conventional channels.

Since allowances of personal duty-paid imports were increased in January to 110 litres – the average yearly UK consumption per head – the Brewers' Society reckons that more than 32m pints have been carried into the UK.

Differences between UK and French rates of beer taxation offer consumers huge savings. Excise duty on beer in the UK is 30p a pint compared with 4p a pint in France.

Legal imports, on which duty has been paid in France, have been swollen by higher duty-free allowances bought aboard the cross-Channel ferries.

Personal imports are now 9 per cent to 11 per cent of the UK take-home beer trade. Brewers estimate illegal imports for resale account for 4 per cent of the market.

Retail beer sales worth about £260m a year have been lost – and the cost to the government in duty and VAT amounts to about £150m a year.

When personal imports of wine and spirits are added, drinks retailers in the UK are estimated to have lost £700m-worth of business, and government revenue declined by at least £350m.

With more cheap drink available at home, the pub trade is also beginning to suffer, the brewers argue.

Mr Kenneth Clarke, the chancellor, left beer duty unchanged in last month's Budget.

No small beer: A shopper loads his trolley at a hypermarket in Calais — Picture Colin Beere

But Customs and Excise maintain that industry estimates of the inroads being made by personal imports are exaggerated. Sir John Cope, paymaster-general, sticks to official forecasts made early this year of a total loss of revenue of £250m from beer, wine, spirits and tobacco.

Mr Bernard Windsor, chairman of the Wine and Spirit Association, says its monitoring of cross-Channel purchases since personal import allowances were raised to 10 cases of wine and 14 bottles of spirits suggests that £264m of revenue will be lost on wines and spirits alone.

The chancellor added 2p a bottle to the duty on wine – the equivalent of the total duty in France – in the last Budget. UK duty on spirits is 2.5 times the rate in France.

Meanwhile, day trips on P&O Ferries' Dover-Calais sailing this year have increased by 40 per cent.

Holiday chains in discount battle

By Michael Skapinker

Britain's three largest travel agents' chains yesterday signalled the start of a post-Christmas price battle by announcing holiday discounts of 11 per cent.

The price-cutting campaign, which begins next Monday, is unlikely to last more than a few weeks, as the high level of discounting means the chains will be giving away virtually all of their profits.

Thomas Cook, the third largest chain, fired the first shot yesterday by offering 10 per cent off all its summer 1994 holidays. It said it would cut the prices of cruises by 15 per cent.

Its two larger rivals, Lunn Poly and Going Places, immediately offered discounts of 11 per cent - forcing Thomas Cook to do likewise.

Going Places, which is made up of the former Hogg Robinson and Pickfords Travel chains, is offering the discounts on its summer holidays only. Lunn Poly, the market leader, is offering the discounts on summer and winter holidays.

All three chains stressed that the price campaign would be short. Lunn Poly and Going Places said their campaigns would run for a week. Thomas Cook said its offer would last "for a limited period only".

If Thomas Cook extends its offer beyond the first week, the other two chains will probably be forced to do likewise.

Girls overtake boys in academic performance

By John Authers

Girls last year overtook boys in virtually every measure of school academic performance, figures released by the UK Education Department show.

For the first time a greater proportion of women entered higher education than men, while girls' performance in GCSE exams is superior to boys'.

In 1992, 45 per cent of girls passed five GCSEs at grades of C or above (equivalent to a pass in the old O level), while only 38 per cent of boys reached the same level.

More women attempted A levels (31 per cent against 26 per cent of men), and 16 per cent succeeded in passing at least three, compared with only 14 per cent of men. Provisional figures showed that roughly twice as many women as men gained vocational qualifications.

On leaving university, total female graduate unemployment last year was 10.6 per cent, compared with 15.1 per cent for men.

The Equal Opportunities Commission hailed the results as showing that women's aspirations and expectations of themselves were at last the equal of men's. It said education had been one of the most significant barriers to full equality of opportunity.

The figures show that men between the ages of 40 and 59 are more than twice as likely to hold a university degree, and more than three times as likely to have A levels than their female counterparts.

The commission suggested that child-care facilities would have to improve if women were to be able to take full advantage of educational improvements in the jobs market.

Britain in brief

Front-runner emerges for Exchange job

The joint senior partner of Cazenove and Company, a London stockbroking firm, is the leading candidate to become the next chairman of the London Stock Exchange.

Mr John Kemp-Welch, a member of the Exchange's board, has been approached by other board members to fill the post, one of the most important in the City of London. It is likely to be vacated next year by Sir Andrew Hugh Smith, who has been chairman since 1988.

Estate agent ordered to pay

John D Wood Commercial, a commercial estate agent, has been ordered in the High Court to pay £16m in damages after being found negligent in its valuations on three properties.

The case, brought by Banque Bruxelles Lambert and Eagle Star, is one of a growing number of negligence claims against surveying practices that stem from allegedly excessive valuations carried out in the late 1980s.

The litigation concerned a number of BBL's property loans that were insured by Eagle Star, on which the borrowers subsequently defaulted. The judge criticised the valuers for paying insufficient attention to the marketing history of the buildings in making their valuations.

Regulator looks overseas

Oftel, the telecommunications regulator, is to look abroad for inspiration on how to improve Britain's telecommunications.

Mr Don Cruickshank, Oftel director general, plans next summer to publish comparisons of telecom services in Britain and those in the US and France.

The comparisons will focus on shortcomings in services available to UK consumers, compared to those in the two other countries.

Judgment on pension rules

UK company pension schemes can continue to use life expectancy tables which distinguish between men and women for the purpose of calculating benefits after an unexpected decision by the European Court of Justice yesterday.

The Luxembourg Court's ruling that European equal pay rules do not extend to non-pension benefits such as tax free lump sums on retirement and transfer payments, means UK employers will now be able to quantify the main cost implications of the Court's 1990 Barber judgment, that pension benefits of men and women had to be equalised as they constituted pay for the purposes of Rome Treaty equal pay rules.

Andersen seeks lifting of ban

Arthur Andersen, the accountancy firm, has approached the government in an effort to have its long-standing ban from public-sector work lifted.

The firm has held discussions with senior Whitehall officials and corresponded with the Treasury Solicitor over possible breaches of European law in its failure to be considered for tenders.

It has won no work for nearly a decade since the collapse of De Lorean, the Northern Ireland-based car company. The government, which had provided De Lorean with substantial grants, is suing Andersen in its role as auditor for alleged negligence.

Blackpool still most popular

Blackpool Pleasure Beach, the 42-acre funfair at the Lancashire seaside resort, had 6.7m visitors in 1993, making it Britain's most popular free-to-enter tourist attraction for the sixth consecutive year.

The company said that most of the profits are being ploughed back to help fund a £12m rollercoaster, which is due to open in the spring.

MANAGEMENT: MARKETING AND ADVERTISING

Harnessing pester power

Diane Summers considers the tactics of the toy advertisers

"Pester power", as those in the business of marketing to children so appropriately call it, has just about done its job for another year.

This week parents all over the world will be wrapping Barbies, Lego, and video games, as well as all the other fads, fashions and enduring favourites that make up the global toy and games market, which was worth more than $55bn (£36.90bn) last year.

The most indulgent, according to market analysts Euromonitor, are the Germans. In 1992 their children each had $429-worth of toys and games lavished on them, while Swedish children got $400, Americans $384, and British $294. More than half of the $55bn total is spent around Christmas.

With advertising budgets to match, toy and games manufacturers are constantly searching for the most effective ways of harnessing pester power and making their products the ones that parents will scour the shops for in the run-up to Christmas.

The youth market is the trickiest and most competitive of the children's markets, as is apparent from the video games wars being fought between giants Sega and Nintendo. While some of Sega's more aggressive advertising might make parents flinch, it appears to be getting through to its intended target of teenage boys.

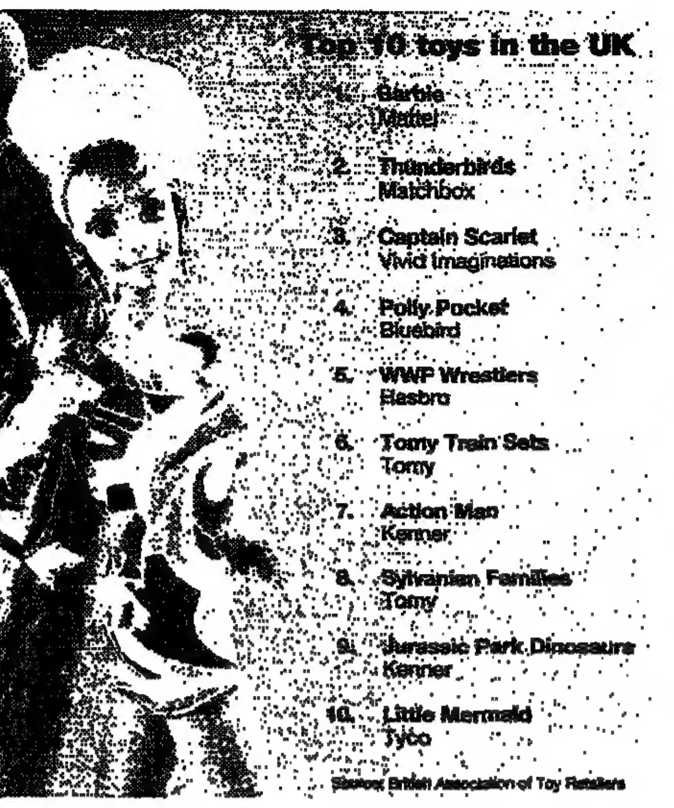
Mark Earls, planning director of advertising agency Still Price Lintas, who has studied marketing to youth, observes: "Sega has got the personality at the moment. The personality of the brand is excitement and being a bit anarchic, a bit dangerous."

Advertisers often wrongly assume that young people now are very much like their own younger selves, says Earls. Salvador Dali pinpointed the problem, says Earls, when he observed that "the trouble with the youth of today is that we are no longer part of it".

Middle-aged advertising folk "trying to be hep and cool and groovy just doesn't work", according to Earls. The result can too often be adverts that have the same effect "as the vicar doing the twist at the youth club party".

Nor, in his view, is the structured advertisement with an obvious "moral" ending effective with a generation exposed to a wide range of media images and with a sophisticated understanding of how advertising works. The approach now needs to be looser. "All youth culture now is about play. You throw something into their world and hope they're going to play with it," he says.

At the other end of the children's age range, life appears to be simpler. Peter Waterman, vice-president of corporate affairs at Hasbro, the toy company with the second largest global market share after Nintendo, has no time for the wilder schemes of advertising's "creatives".



He has a clear recipe for success when it comes to advertising to, for instance, five to nine-year-olds. "You do what you would do if you were an adult with the toy in your hand. You show the toy to the child and then show the child how the toy works. The toy itself and its operation is always the hero of the action."

Waterman, who used to work for Procter & Gamble, says the selling of detergents and toys should be based on similar principles. "You demonstrate the product in action. Every half-second you use dressing that up in some disguise is time wasted when you could be telling the consumer about the product you want them to use," he says.

And the half-seconds around Christmas come very expensive. The most effective medium for toy and games advertising is television and all the main manufacturers will be clamouring for airtime during children's peak viewing. In the UK, for example, media buyers Zenith report that one 30-second slot on GMTV, the breakfast channel, would cost £15,000 just before Christmas, compared with about £9,000 at other times of the year. Provisional bookings have to be made a year in advance, with firm commitments from advertisers by Easter.

Television itself, with its tight regulation of what is allowed by the broadcasting authorities, also acts to make toy advertising relatively simple, says Waterman. In the UK, the Independent Television Commission has a formidable set of rules advertisers must abide by. For example, direct exhortations to practise pester power are outlawed – the slogan "Don't Forget the Fruit Gums, Mum" might well fail to get past regulators these days.

Anything that might make a child feel inferior or "liable to be held in contempt or ridicule" if it does not buy a particular product is also banned. Furthermore, the price must be shown if the toy costs more than £20.

One rule that many parents may wish to quote in the aftermath of Christmas is: "Where advertisements show results from a drawing, construction, craft or modelling toy or kit, the results shown must be reasonably attainable by the average child and ease of assembly must not be exaggerated."

Some countries have gone further: in Flanders, the "five-minute rule" means there can be no advertisements during children's programmes, or for five minutes before or after them on terrestrial television channels. In Greece, a complete ban was lifted but its reimposition is being discussed following a change in government.

In effect, Sweden and Norway ban all advertising to children on terrestrial television channels. Waterman, who is also an official of the Toy Manufacturers of Europe, a lobbying group, says the ban is a barrier to trade which distorts the market. He hopes it can be challenged in the new year when the European Economic Area treaty comes into effect. The treaty will extend European Union single market and competition rules to those countries, including Sweden and Norway, which are signatories.

Waterman is indignant about restrictions which he considers do more to protect trade than children. "Advertising to children is an entirely harmless activity. Steps to stop children seeing advertising at all are completely unnecessary and, in fact, are undesirable. They prevent children from learning important social and economic lessons," he says.

Lessons which include, presumably, early training in how to spot who holds the purse-strings and how to lobby effectively for your favourite projects.

Philip Rawstorne explains how United Distillers has attacked Europe's lucrative duty free market

Dedicated team in high spirits

For the past three years, United Distillers, the Guinness spirits company, has outperformed its rivals in Western Europe's £2bn duty free spirits market.

UD's share of the world's biggest duty free market has risen from 17.5 per cent in 1990 to 20.5 per cent this year, nearly nine points ahead of its nearest competitors International Distillers & Vintners and Hiram Walker. Volume sales have grown from 1.44m nine-litre cases to 1.65m. Its Johnnie Walker Red Label Scotch whisky and Gordon's gin are the two leading brands.

That performance owes a great deal to UD's development of a dedicated European duty free organisation. UD's strategy has given it a sharper regional focus than its rivals in market which the EU has extended until at least mid-1999.

UD's organisation grew from the recruitment in late 1987 of Gerd Biedenbacher, a German executive, from Dunhill, to run the German and Austrian operations.

He inherited a management system, devised by the old Distillers Company which Guinness took over in 1986. Under it, the worldwide duty free business was run from London through independent agents in each market.

In Germany and Austria, Biedenbacher found five different agents, each with responsibility for one or two UD brands, competing against each other. He ended the agency contracts and put the brands together in one portfolio.

The restructuring worked well. It was extended, first to Scandinavia, and by 1991 covered the whole of western Europe. Today, Biedenbacher runs the business from a converted warehouse in Hamburg with regional sales and marketing offices in London, Helsinki, Copenhagen, Stockholm, Antwerp, Paris, Milan, Madrid and Athens.

He has a total staff of 70, comprising 16 different nationalities speaking 13 different languages. "The only thing we insist on is fluency in English," he says.

The team's area director for the UK and Ireland, which accounts for a third of market sales, is a German; a Finn heads operations in Germany and Austria; and a Belgian is responsible for southern Europe.

All products, formerly supplied direct from the UK, are distributed from warehouses in Hamburg's free port, Piraeus in Greece, and Hoddesdon in the UK. "Lead times have been cut from five or six weeks to 48 hours," says Biedenbacher. "About 250 different product specifications are permanently in stock."

Faster delivery deserved faster payment, so with the help of Barclays, Biedenbacher set up the first cross-border business direct debit system. Legal hurdles prevent the use of the system in some countries but three-quarters of payments are now settled this way."One of the great advantages is that salesmen can concentrate on selling rather than chasing late payments," he says.

The closer UD has come to its customers in airport duty free stores, airlines and ferries, the more it has become involved in trying to improve retail techniques.

It collects market data to detect trends in sales of different categories as well as to assess the performance of its competitors' brands.

Travellers' shopping behaviour is studied closely. Only about half of them visit duty free shops. Japanese businessmen are the most assiduous shoppers – 88 per cent visit the stores and nearly all of them buy alcohol. But only about one in six American or French travellers buy drink.

Considerable effort has gone into attracting more people into stores. "Opportunities to influence consumer decisions are limited," says Biedenbacher. "There are so many different nationalities; no television advertising, no other media except airline magazines."

UD, therefore, seeks to influence shoppers in the few seconds they take to reach a decision by constantly improving in-store promotions and merchandising.

Those who do not visit the stores at 10 European airports are being tempted to buy from "last-minute" trolleys of goods in the departure lounge.

A team has been established to help retailers achieve more effective space management – planning the lay-out of stores, the positioning of categories and brands, and the space allotted to them – to maximise sales and profits.

The team uses confidential data supplied by its retail customers. "The rest of us have no access to it," says Biedenbacher. "Our view is that, with a 20 per cent share of the market, we will benefit from any overall increase in sales that results from their work."

All these efforts have reinforced the trend among travellers to trade up to more expensive, better-quality brands of drinks. London Heathrow is now the biggest malt whisky outlet in the world.

This year, the market has coped effectively with changes in its regulation giving retailers responsibility for enforcing allowance limits. Initial confusion hit sales at airports which were down 10 per cent in the first six months, according to UD estimates. But this loss was offset by a boom in ferry sales. Hordes of UK cross-Channel trippers, shopping for cheaper beer in France, have also been picking up their duty free spirits.

The big question overhanging the market, however, is what happens when the EU extension runs out?

Biedenbacher believes abolition is unlikely. The British Airports Authority now makes more money from retail concessions than from landing fees. "Without the income generated by duty free, airport charges and the cost of airline tickets would have to rise," he says.

But even if travellers within the EU are denied duty free, he remains optimistic about long-term prospects. "Air travel worldwide is forecast to double in the 1990s – and long distance flights are the fastest growing sector. Eastern Europe duty free sales are increasing. Airport shops will also have more to offer than duty free bargains – and people at airports always have time to spare, and to spend."

TECHNOLOGY

An X-ray provides proof of pudding

Christmas in Finland means a cake with a gold coin in it – but how does the manufacturer ensure that all consumers are given an even chance of finding it?

One has solved the problem by using a new range of X-ray detection equipment to ensure that the coin is close to the centre of the cake and not too near the surface.

A similar difficulty, in reverse, is faced by producers of Christmas puddings in the UK. How can they check for contamination by pieces of glass, stone or metal in a dense mixture of fruit, nuts and suet?

TransTec, the Birmingham-based specialist engineering company, came to the aid of the Finnish cake company and has just launched an X-ray machine with which it is hoping to make waves in the food industry.

X-ray imaging of food has been available for some years, and simple metal detection equipment for decades. But tougher food hygiene regulations and scares about contamination of products such as baby food have combined with developments in image processing technology to create a new market opportunity, says Sami Ahmed, executive director of TransTec.

The food passes through TransTec's Ultrascan System on a conveyor belt travelling at up to 300ft a minute. The machine uses an image intensifier to convert the X-ray beam – which is a tiny fraction of the amount used for irradiating food – into an optical signal for analysis by an image processing system supplied by Data Cell of Reading.

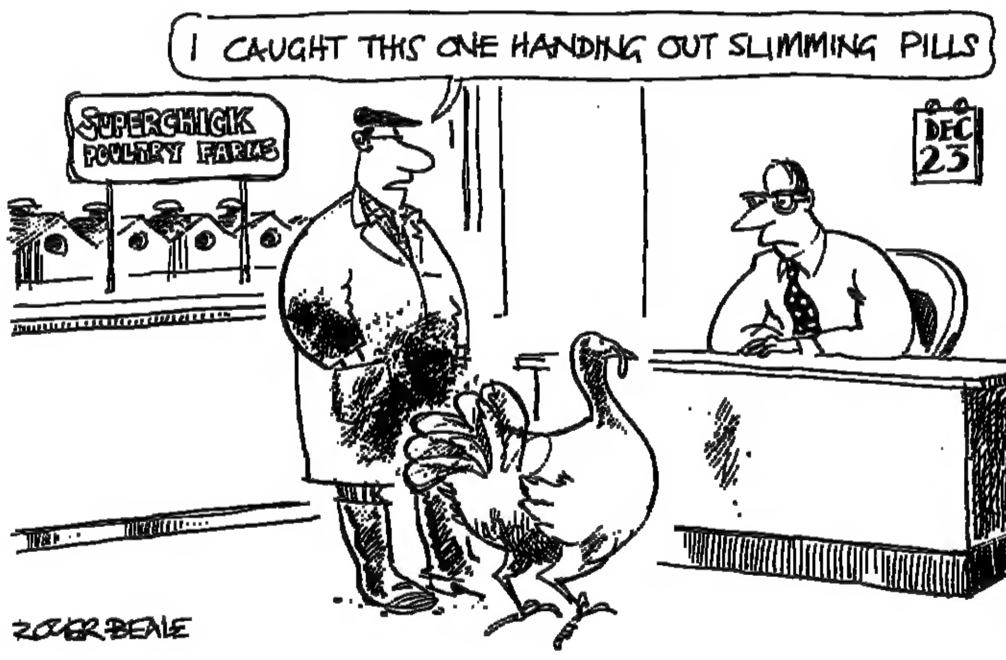
It takes about a week to work out the software for each food item, says Mark Graves, an image processing expert at TransTec, but once programmed the machine can switch between foods quickly.

It costs between £60,000 and £100,000. But TransTec hopes that, once the food industry has been convinced that the machine will work reliably, it will buy in bulk.

TransTec is now working on the next stage – which will use two detectors working at right-angles to build up a 3-D image of the food. The UK company and its European partners have received a £2m grant from the European Union to develop the machine.

Andrew Baxter

As surely as famine follows feast and hangovers follow New Year's Eve, the decision to diet inevitably follows Christmas's excess calorific intake. Help could be at hand from the pharmaceuticals industry, which believes the potential market for drugs designed to assist weight loss could be huge.



Drugs companies' approaches to the potentially huge obesity market are weighed up by **Paul Abrahams**

Fat profits for pharmaceuticals

In the US alone, anything between $5bn (£3.3bn) and $8bn a year is spent on weight-loss products ranging from sports club memberships to low-fat frozen food.

While the overall US weight-loss market is already immense, the prescription pharmaceuticals market is tiny, worth between $50m and $70m. The problem is that there is no widely accepted safe and effective weight-loss drug available.

Undeterred, drugs groups are investing hundreds of millions of dollars to develop safe, effective and non-addictive drugs that will assist weight loss. New York-based industry consultants The Wilkerson Group believe the US and European market for pharmaceutical obesity products could each be worth $1bn by 2000.

If the idea of a safe, non-addictive weight-loss pill sounds attractive, that is part of the drugs companies' problem. Regulators are worried that the medicines, which will probably be licensed only for people medically threatened by obesity, would be used in the more general population. Doctors would come under intense pressure from non-obese patients to prescribe an effective treatment.

The regulatory authorities are worried that any new drug could be abused in the way that amphetamines were in the 1970s. These drugs are effective appetite suppressants but were addictive, with serious side-effects.

Definitions of obesity change from country to country, warns Christine Nathan, director of scientific affairs at Servier, the French drugs group. Its incidence ranges from 10 per cent to 50 per cent of the population, according to how it is measured. Technically, there is a difference between being overweight and being obese, says Shade Cronan, associate consultant at The Wilkerson Group. Overweight means excess poundage, while obese means excess fat tissue. Probably about 8 per cent of the population in developed nations is obese.

The causes of obesity are complex and multiple. The obvious one is a long-term imbalance between energy intake and output, produced in two ways. One is when the body's metabolism is too efficient – it needs very little energy to sustain itself and therefore stores the excess as fat. The second cause is that calorific intake is too great. This is often a behavioural problem, but excessive intake can also be caused by medical disorders. When empty or full, the gut produces different hormone peptides that act on a region in the brain called hypothalamus. This contains feeding and satiety centres that control the feelings of hunger or fullness.

The peptides released from the gut tell these centres in the brain whether the body is hungry or satiated. Excess production of certain peptides leads the feeding centre to believe the body is hungry when it has enough food. A shortage of peptides acting on the satiety centre indicates the body is not satiated when in fact it is. Activity in the hypothalamus is partly regulated by neurotransmitting chemicals such as serotonin and dopamine, although their precise mechanism is unknown.

Whatever the causes, obesity is medically dangerous.

Mervyn Busson, director of medical sciences at Boots Pharmaceuticals of the UK says it is associated with increased mortality. "Those seriously obese have twice to 2½ times the mortality of someone their own age of normal weight." The most common problems linked with obesity include non-insulin dependent diabetes, high blood pressure, gall-bladder disease, and possibly cancer.

Given the complexity of obesity, a number of different tacks have been taken. Normal dieting and exercise are the most common methods. Heroic and unpleasant means such as wiring people's jaws and surgery to cut out fat or remove sections of the bowel have largely stopped.

In the pharmaceutical world, most attention has been directed towards creating drugs designed to suppress appetite.

Amphetamines worked by interacting with the appetite centre, probably through neurotransmitters in the brain such as dopamine and noradrenalin. Following the problems associated with amphetamines, a second generation of drugs called fenfluramines was developed. These also interact with the neurotransmitters in the brain and are less addictive than the amphetamines, but their use is not widespread. The best-selling compound is Servier's Ponderax.

More recently, a new generation of appetite suppressants is awaiting regulatory approval. These are selective serotonin re-uptake inhibitors (SSRIs) which increase levels of serotonin in the brain.

Eli Lilly deposited its dossier for its SSRI appetite suppressant Lovan with the US Food and Drug Administration (FDA) in 1988. The drug, which is marketed as Prozac, an anti-depressant, has still not been approved for an obesity indication.

Meanwhile, last May, Servier filed its FDA dossier for its SSRI Adifax. The drug was developed in the US by Interneuron, a small biotechnology group, and Lederle, the pharmaceutical division of American Cyanamid. The drug, already available in Europe, is effective in about 40 per cent of patients, and has limited effect in a further 20 per cent, according to Nathan.

Other SSRIs in development include Pfizer's anti-depressant Zoloft, and Boots' sibutamine. Busson says his company's drug allows patients to sustain weight-loss of 1lb to 1.5lb a week over extended periods compared with a placebo.

Other means of suppressing appetite are also being explored. Some companies are developing drugs to raise levels of gut peptides known as cholecystokinins, or CCKs, which increase the sense of satiety.

Peter Johnson, research and development director at Fisons, the UK group, says tests involving direct injection of CCK failed because the chemical has a short half-life and quickly disappears. His group is developing a CCK selective agonist which increases levels of the hormone either by increasing production or reducing the speed it is broken down by the body. Abbott of the US also has a CCK-agonist in pre-clinical development.

Other routes being explored include attempts to create drugs that increase the metabolic rate. A number of companies are developing "thermogenic" agents such as beta3-agonists which may affect fat tissue. But progress has been slow. Zeneca of the UK recently abandoned its thermogenic compound, while SmithKline Beecham, the Anglo-American group, licensed its drug, Fastin, to Mochida of Japan.

Another tack is to reduce intake of fat through the gut. Roche of Switzerland has a compound in early development called Oristat. This is believed to reduce production of enzymes in the gut that break down fat and allow it to pass through the gut wall.

Shari Samotin, a principal at The Wilkerson Group, warns there is unlikely to be a magic bullet. The causes are so complex that no one drug will work in all patients. Most will need multiple therapies.

In spite of the demand, or maybe because of it, the latest generation of drugs face substantial barriers before they reach the market. Unless the long-term safety and efficacy of these drugs is proven, regulatory authorities, particularly in the US, are likely to remain reluctant to license these products for fear of huge demand from the non-obese public. Nevertheless, the rewards for the first compound to be cleared are huge. Weight loss drugs could lead to fat profits.

The series continues next month with a look at wound healing.

■ **Articles over the last six months have looked at pharmaceutical advances in the following areas:**

Contraceptives	12 November
Anaesthetics	15 October
Diabetes	17 September
Epilepsy	27 August
Arthritis	27 July
Menopause	25 June

Cool and cost effective

The invention of a self-chill can

A self-chilling can would be such an obvious boon to the brewing and soft drinks industries that it is hardly surprising a lot of inventors have attempted to create one over the years.

At least 10,000 patents have been filed worldwide, according to Michael Anthony, chief operating officer of MicroCold Technologies of Florida.

"But nobody, so far as I know, has ever come up with a self-cooling can that not only works but does so cost-effectively. Until now."

Anthony, an engineer who emigrated to the US from England 13 years ago, returned to London last week to demonstrate to the UK's leading brewers the self-chilling can he has invented.

He was working on cooling techniques for instrumentation when he met Mitchell Joseph, head of a long-established US beverage company, who had spent several unsuccessful years trying to develop a self-cooling can.

Their partnership, they claim, has now made the breakthrough. As evidence, they placed an ordinary-looking cola can on a table, pulled the tab, and recorded the fall in temperature of its contents from 73°F (23°C) to 40°F in about 30 seconds.

The cooling device is a small canister of gas inserted in the can. When the tab is pulled to open the can, it also releases the gas in the canister. The gas swirls rapidly. Heavier cold molecules separate from lighter hot molecules, cool the canister, and then the liquid around it. The heat exchange unit displaces only two fluid ounces of liquid in a 12 fl oz can. It is simple and relatively inexpensive to produce from readily-available materials, says Joseph.

Fitting the device into the can will require little modification to high-speed filling lines, he claims. "The process involves no chemicals, no toxics, no hazards to the ozone layer; in fact, no hazards at all. And the can is fully recyclable."

Patents for the technology have been filed and, after test-marketing, Joseph expects to be ready for production within a year.

Philip Rawstorne

A Crypto-Christmas concert

Monday's concert by the Orchestra of the Age of Enlightenment was not billed as fare for the festival. Yet it was almost that, with not only Corelli's "*Christmas*" Concerto, but the secular cantata by Bach that he would soon cannibalise for his Christmas Oratorio. The sentiments of the original cantata, however, were hardly seasonal; and in this performance they began to seem downright queer.

"Hercules auf dem Scheidewege", BWV 213, was one of those occasional baroque encomia designed both to honour a royal patron, and to urge him along virtuous paths. In this case, he was the frail, crippled Prince Elector of Saxony, and the occasion was his eleventh birthday (I am drawing on Nicholas Anderson's programme-note). To inspire him, Picander's fairly awful text represented the hero Hercules at a "crossroads" where he must choose between *Wollust* (heedless sensuality) and *Tugend* (virtuous decency). His choice, thumpingly signalled from the start, is of course *Tugend*, whose voice joins his in a climactic duet of surrender.

But most of us know this duet well from the Christmas Oratorio, where soprano and bass – with obbligato twin oboes d'amore – give thanks for divine mercy; it was disconcerting to hear it from the mouths of a male alto (Hercules) and a tenor, with an androgynous pair of violas, to quite different words: "I am yours, I am yours. I kiss you, oh kiss me, *etc*". Especially since *Wollust* had been so sweetly and subtly impersonated by the soprano Barbara Bonney – though Paul Agnew's *Tugend* was fervently upstanding, and for the young Hercules Ralf Popken's ultra-elegant line was expressive to the point of exacerbation.

Forswearing any speculation about male-chorister life in 1730s Leipzig, we may prefer the "Christmas" adaptations of most of this music that Bach made the next year. All due thanks, nevertheless, to the veteran conductor Gustav Leonhardt for re-animating the original score; and for an engaging, characterful performance earlier of the "*Coffee*" Cantata BWV 211, with Agnew as narrator, Bonney as the caffeine-addicted daughter and David Wilson-Johnson as her despairing father. If his light, dry bass lacked the substance for ripe comic effect, he acted hard to compensate; in fact Bonney's soprano too has lost the fresh bloom that we first admired in her *Rosenkavalier* Sophie, though her mature art is delightful.

The Corelli sounded uncommonly refined, in beautifully graded hues of grey. Exploiting the range of their period-style bowing, the OAE strings were more searching and delicate than ever. Still, this evergreen "*Christmas Concerto*" is actually a *concerto grosso* with a prominent duo of solo violins: would Corelli's Roman band really have been led by such mild, soft-grained, self-effacing players – impeccably musical though they were – as we heard here?

David Murray

Cinema/**Nigel Andrews**

Badly in need of good parenting

A Perfect World, starring Clint Eastwood and Kevin Costner, is set in Texas in 1963. Your starter for ten and no conferring – what famous event also took place in Texas in 1963? And are Eastwood and Costner doomed to spend the rest of their lives re-living it or referring to it?

Eastwood, you recall, was a guilt-haunted ex-security man at Kennedy's motorcade in *In The Line Of Fire*. And Costner, just before fooling us a little by playing a guilt-haunted ex-security man for Reagan in *The Bodyguard*, played Dallas assassination investigator Jim Garrison in *JFK*.

Hollywood likes to type-locate as well as type-cast its leading men – this saves the audience brain fatigue – so the command went out to the two stars of *A Perfect World*. "Stay in the Lone Star state. Keep your clocks at 1963! But this time, guys, the action takes place two weeks *before* JFK's visit, which is just a distant symbolic stormcloud. At least, that's what the screenwriter John Lee Hancock is telling me right now in my earpiece."

And the story? Kevin is an escaped convict driving across Texas with a fatherless seven-year-old as hostage (T.J. Lowther) and he kinda, well, becomes the boy's surrogate Pop. And Clint is the grizzled, seen-it-all-before lawman – same part as usual – who pursues Kev in a loaned-out gubernatorial campaign bus.

A what? Well, you see, Governor John Connolly, the Dallas survivor who died this year, is semi-fictionalised here as an electioneering fusspot interested only in getting his battle-bus back unscratched. (*De mortuis nil nisi fatuum*). But an hour into the film, guess what? The bus is smashed up in the chase! What a surprise. This is written into the script so that lawman and outlaw can shake off their respective techno-military support systems plus telegraphically hopeless cronies – lady criminologist Laura Dern for Eastwood, psychotic sidekick Keith Szarabajka for Costner – before moving in for the final *mano a mano* showdown.

Eastwood himself directed this film, which from the maker of *Unforgiven* must be accounted unforgivable. He begins promisingly with an eerie-lyrical slow-motion image: Costner lying half-asleep (or dying?) on a patch of breeze-blown grassland, empty but for a white Halloween mask and a drift of dollar bills. This is a "How are we going to get to this point in the story?" device, but it works. At least for its behind-the-credits minute or two. It lends an air of mystery that the movie then spends 2¼ hours unravelling.

As cars crunch, guns rattle and corpses queue up for disposal, we learn that Costner is a violent former armed robber driven to crime by bad parenting. (Clint "Make my day" Eastwood is now making bleeding-heart liberal movies?). And the boy he kidnaps has been brought up as a Jehovah's Witness by a spoilsport single mother, so *naturally* he cleaves to fun-loving, gun-loving Costner as the Pop he never had.

Nor is on-the-hoof psychotherapy confined to the psychopathic classes. Ten miles back down the road is Clint and his busful of career folk, working out or playing out *their* personality problems.

Clint Eastwood and Laura Dern in 'A Perfect World'

Laura Dern, fresh from palaeobotany duty in Jurassic Park where her scholarship and feminist chutzah were programmed to disintegrate into little-lady screams, does the same number here. Expert criminologist; but too heavy on the book-learned polysyllables; throws up at first sight of a dead body. As for Clint, he must get over his own bad memories of – yes – negative parenting.

So the lessons in life grind on, milling wit, character and drama into readimix messages *for morons. The only folks in* touch with raw reality in this film are the behind-camera craft-masters, Henry Bumstead (production design) and Jack N. Green (cinematography). Bumstead's no-frills authority – as well as being an Eastwood veteran he designed Hitchcock's *Vertigo* – turns every set, from grungy diners to giant dilapidated hardware stores, into a kind of Essence of Texas. And Green's camera eye breathes life and movement into a story that, left to itself, would freeze into the postures of moral pedagoguery prescribed by the script.

*

But pedagoguery is the flavour *of the season: see* Stephen Poliakoff's *Century* (opening in Britain next week). Nothing makes a more specious milestone than the birth of a new century. Do the human heart and mind change because two digits in the year's number-counter click over to zero? But you cannot stop an artist when he gets a fit of the epochal-apocalyptic.

The time is 1900. The Hamlet-like hero is an aspiring doctor (Clive Owen) who puts an emotional rapier into his East European, Scottish-naturalised father (Robert Stephens) before migrating to London to test his metal on father substitute Charles Dance, a leading surgeon-teacher. *Looking on from* the wings is laboratory assistant Miranda Richardson, part Gertrude part Ophelia, offering sex, work companionship and surrogate motherhood as Owen sets out to blaze his medico-scientific path into a New Age.

We know it is a New Age because the film strafes us with visuals to that effect. There is the illuminated "Welcome To The New Century" sign that eccentric old Stephens erects on a hill, only for the council to order its removal. (No change there in 93 years of British local politics.) And there are the gleaming shafts of enhanced sunlight pouring in through the teaching hospital's windows, making Wagnerian heroes of everyone in sight.

Two rival medical subplots fight for centre screen. One concerns Dance's jealous suppression of Owen's breakthrough research work on the human gland; the other, early birth control schemes in the age of Malthus. As we try to discern a connection between the two (there is none), Poliakoff *piles on the period colour* (frockcoats, beards, cloppity-cloppity street traffic), dances around the fetchingly fish-eyed Dance and brings Robert Stephens back for an encore whenever possible.

Stephens is a joy: a whiff of green-belt organic life on a excursion ticket to the movie's inner-city schematism. Watch his ludic, rubicund face; listen to the fluent fun he has with a Scottish-Jewish-Romanian accent (sic). Elsewhere, *Century* is a large, confused, gas-filled undertaking from a playwright-filmmaker whose last, best movie (*Close My Eyes*) was a small tale of doomed love which proved that largest thoughts and feelings often come from simplest story ideas.

Are you ready for the week's *third film about surrogate* fathers? In *Another Stakeout*, the title operation requires undercover cop Emilio Estevez to masquerade as colleague Richard Dreyfuss's son. They and Assistant District Attorney Rosie O'Neill, pretending to be Dreyfuss's wife, play house in a borrowed mansion overlooking the sea-washed hideaway of a fugitive state's witness (Cathy Moriarty).

We are on an island off Seattle. Correction: we are in Never-never-land, Disney Studios, Hollywood, where director John Badham and writer Jim Kouf try to magic forth a sequel to their hit cop caper of yesteryear. But where *Stakeout* had novelty, *Another Stakeout* has "novelties". A funny dog, a funny woman law official (the tuba-shaped Miss O'Neill), a travel-brochure setting.

Only in a truly ingenious – and funny – dinner scene, where the masquerade starts fraying right there in front of the neighbours, does wit usurp weariness. After that it is back to pounding the predictable plot. The cops stake out the nextdoor quarries; the dog stakes out the nextdoor cat; *Dreyfuss stakes out the flaky* Estevez; the audience, picking up the habit, stakes out the exit sign.

A PERFECT WORLD
(15)
Clint Eastwood

CENTURY (15)
Stephen Poliakoff

ANOTHER STAKEOUT
(PG)
John Badham

The panto is in good shape

Antony Thorncroft finds tradition flourishing and the young audience loving it

Throughout the land the familiar seasonal sounds can be heard – the crunch of popcorn under foot; the thump of lifting seats as wailing children are led to the lavatory; the screams and shrieks as chocolate bars are fought over in the stalls: it is panto time again.

Playwright David Hare recently admitted that the British, as a nation, could not care less about the theatre. He should pop into one during the next few weeks and cheer himself up. Your local theatre is *likely to be packed (hurrah)*; with children, the audience of the future (double hurrah); in family groups bonding in traditional values (triple hurrah); and enjoying a live entertainment which draws on the past but embraces the contemporary (mass delirium).

How stands the panto? Exceptionally well. Business is up on last year, which is excellent news for those theatres which pay for their serious productions with the profits from this annual wallop of nostalgia. It also suggests that there is at least one British art form which continues to flourish.

Pantomime traces itself back to the early 18th century but in its current form it has a noble enough history of a century or more. Any Victorian time traveller would have *felt* immediately at home at the Wimbledon Theatre the other night with *the Fairy Courgette on* one side of the stage rhyming her couplets and setting the scene while on the other Blackspider, melodramatic evil incarnate, threatened his worst. Plots, characters, jokes, very little has changed.

It is also quite acceptable that most pantos feature at least one audience-pulling star of an Australian TV soap; they come over by the planeload for the chance of trying their hand at acting – and a percentage of the box office take. A century ago music hall stars like Dan Leno and Marie Lloyd were lured into panto, and a generation ago it was the turn of pop stars like Cliff Richard and Cilla Black to spend their Christmases on the boards.

Of course some adjustment is necessary to incorporate Kristian Schmid (formerly of *Neighbours*) into the Orchard Theatre, Dartford, or Stefan Dennis (currently of *Neighbours*) at Wimbledon, or Ray Meagher (of *Home and Away*) at Woking, or home grown soapers like Nick Cotton (*Eastenders*) at Croydon, and Seeta Indrani (*The Bill*) at Wycombe, and so on. The Australians especially are not always up to carrying off Aladdin or Cinderella so they tend to end up, like Schmid and Dennis, as Idle Jack in *Jack and the Beanstalk*. The more seasoned TV stars, like Graham Bickley of *Bread*, can cut the mustard as *Aladdin (at Woking), but it* means that we get a cheeky man playing the role rather than the saucy girl of Christmas Past.

There are pantos which still offer the frisson of thunder thighed, strapping lasses courting each other like mad (I was much struck by Bromley's *Cinderella*, which fielded Elizabeth Watts as a diminutive Cinders being chatted up in turn by Sophie Corbett as Dandini and Lisa Hollander as Prince Charming), but there is a danger that panto is becoming sensible.

Perhaps the biggest criticism after taking in half a dozen pantos on the fringe of London is that pantomime is susceptible to political correctness. There is a blandness about many of the cavortings. Evil is played down so that the agreeable sensation of fear, and the relief at the triumph of good, hardly featured. There is a concentration on spectacle and the familiarity of safe routines (the cast cannot wait to get into the "Oh, no you can't"; "look behind you" audience responses). There is also a profound disapproval of good old fashioned smut. Alice no longer sighs "almost midnight and still no Dick", in *Dick Whittington*; Dames are allowed a little nostalgia about their long lost sex life, *but now concentrate* on their costumes and slapstick. The overwhelming *impression* was that pantos are aimed at children, specifically at girls between the ages of three and eight.

Certainly watching the faces of these neat little spectators, often a giggle of Brownie packs or school parties, remains one of the joys of the adult pantogoer. They still rustle noisily during the love songs and the exposition of the plot; they are still totally captivated by the magical effects and the moments when the hero or heroine is in danger. They enjoy most the sweet throwing; the chance to go on stage; watching other little girls from the *local dance academy do their* bit; and any animal that takes to the stage. They are a spontaneous, extroverted, whole hearted audience.

All the pantos seem to offer excellent value to their audiences. The scripts could be wittier and make more use of local jokes but there were few signs of skimping, apart perhaps at Stratford East where *Red Riding Hood* had a slightly makeshift air. Apart from mild regrets about the freezing out of some Principal Boys and the preference for the squeaky clean over the good old fashioned English innuendo, my only criticism is that less use is made of popular contemporary songs. This is a pantomime tradition but now listless, newly composed material is often favoured over the latest hits.

But in the main pantomime has smartened up its act. *There are few references to* television commercials, indeed to the day's events. Mr Blobby pops up, as does Prince Charles, but the time when panto was just an excuse for pop stars or comedians to perform their usual routines while the panto proceeded unsteadily around them seems to be over. Tradition rules.

Here are some memories of pantos 1993-94. The beguiling Ronnie Corbett as Buttons at Bromley, bringing the first act to a triumphant conclusion with his dying swan ballet routine. Tudor Davies as a vigorous non-camp Dame at *Wimbledon and Danny La Rue* managing to be both motherly and nostalgically rude as *Widow Twankee at Woking*, a panto which also contains a sweet voiced Alison Young as the Princess; Hugo Myatt as a convincingly straight villain at Dartford and Alan Cowan as a pleasingly theatrical Wolf at Stratford East.

Perhaps panto *is a little too* pleased with itself these days. The barriers have been lowered *between performers and* audience and this can create self-indulgence among the cast. But it remains a vigorous dramatic tradition, confirming for millions that a visit to the theatre can be a magical experience. Roll on next Christmas.

Kevin Lloyd of The Bill threatens his worst as the demon Blackspider in "Jack and the Beanstalk" at Wimbledon

INTERNATIONAL ARTS GUIDE

ATHENS

Megaron Martin Haselböck inaugurates the concert hall's new organ tonight in a programme featuring the Athens State Orchestra. *Haselböck also joins* La Camerata on Sat and Sun for a concert of music by Handel and Bach. *Dec 26-29: silent Charlie* Chaplin films with piano accompaniment by Stuart Oderman (01-722 5511)

BARCELONA

Gran Teatre del Liceu *Aterballetto* gives performances of a two-act ballet by Amedeo Amodio daily from *Dec 27 till Jan 3, except* New Year's Eve and New Year's Day. The next opera production is Mathis der Maler, opening Jan 20 (tel 412 3532 fax 412 1198)
● Information and booking available through Caixa Catalunya from 08.00 to 14.00 *(310 1212)*

BOLOGNA

Teatro Communale The next production is L'Italiana in Algeri, opening Jan 9 with a cast headed by Bernadette Manca di Nissa, Rockwell Blake and Michele Pertusi (Biglietteria, Ente Autonomo Teatro Communale di Bologna, Largo Respighi 1, 40126 Bologna. No telephone bookings accepted. For information, call 051-529999)

LONDON

THEATRE
● Macbeth: Derek Jacobi returns to the Royal Shakespeare Company in a new production directed by Adrian Noble. In repertory till Feb 26, thereafter transfers to Stratford (Barbican 071-638 8891)
● Wildest Dreams: the London premiere of Alan Ayckbourn's dark *comedy, first seen in Scarborough* in 1991. Ayckbourn himself directs this production for the RSC (Barbican 071-638 8891)
● Cabaret: Sam Mendes directs one of the great modern musicals, with Jane Horrocks as Sally Bowles and Alan Cummings as Emcee at the Kit Kat Club (Donmar Warehouse 071-867 1150)
● *The Wind in the* Willows: Alan Bennett's adaptation of Kenneth Grahame's magical animal tale is back for a Christmas run at the Olivier, in Nicholas Hytner's award-winning production. No performance tomorrow or Sat *(National 071-928 2252)*
● Angels in America: the two parts of Tony Kushner's epic contemporary drama can be seen on separate days in the Cottelsoe over the holiday period, in repertory with a touring production of Brecht's Mother Courage. *No* performance tomorrow or Sat (National 071-928 2252)
● Moonlight: Ian Holm and Anna Massey in Harold Pinter's new play about a sour civil servant who rages against his approaching death, *unmourned by his family* (Comedy 071-867 1045)
● Medea: Diana Rigg's *performance in the Euripides tragedy* won her the 1993 Evening Standard Actress of the Year Award when this production first appeared at the Almeida (Wyndham's 071-867 1116)
● Relative Values: Noel Coward's comedy in a transfer of the Chichester Festival production directed by Tim Luscombe, with *Susan Hampshire and Alison Fiske* (Savoy 071-836 8888)
● A Christmas Carol: Patrick Stewart stars in his own adaptation of Charles Dickens's classic Christmas tale. Previews from next Mon, opens next Wed (Old Vic 071-928 7616)
● Crazy for You: a lavish romantic musical based on the 1930s hit Girl *Crazy (Prince Edward 071-734 8951)*
● Piaf: Elaine Page stars in Pam Gems's musical play about the life and times of Edith Piaf. Directed by Peter Hall (Piccadilly 071-867 1118)

● For ticket information about West End shows, phone Theatreline from anywhere in UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962. Most London theatres are closed on Christmas Eve and Sunday.

DANCE/MUSIC
Covent Garden The Royal Ballet has Peter Wright's production of The Nutcracker tonight, Dec 27, 28, 31, Jan 1, 3 and 5. Dec 29, 30, Jan 4: choreographies by Ashton and Balanchine. Jan 6: *revival of* Kenneth MacMillan's production *of Romeo and Juliet. The next Royal* Opera production is Carmen, opening on Jan 21 with Denyce *Graves and Neil Shicoff. No* performances tomorrow or Sat (071-240 1066)
Coliseum ENO has a new David Pountney production of Smetana's The Two Widows, conducted by Adam Fischer and designed by Mark Thompson, with a cast led by Marie McLaughlin and Anne-Marie Owens (next performances tonight, Dec *30, Jan 6, 8, 12, 15, 18 and 20)*. Repertory also includes Lohengrin and Die Fledermaus. No performances Dec 24-28. Handel's Xerxes is revived on Jan 14 (071-836 3161)
South Bank Centre English National Ballet presents Ben Stevenson's production of The Nutcracker daily till Jan 22, except Christmas Day *and Sundays (071-928 8800)*
Barbican There are popular concerts throughout the holiday period except tomorrow and Sat. John Georgiadis conducts the LSO's annual Viennese concerts on Dec 31, Jan 1 and 2. Travelling Opera presents its popular English-language version of Die Zauberflöte on Jan 5, 6 and 7. *Mstislav Rostropovich gives a cello* recital on Jan 8 (071-638 8891)

MILAN

Teatro alla Scala Tonight: final performance of La Vestale. Dec 31: Nureyev's production of The Nutcracker. Jan 3: Luciana Serra song recital. The next opera production is Prokofiev's Fiery Angel, opening Jan 14 (02-7200 3744)

NAPLES

Teatro San Carlo The next production is La traviata, opening Jan 15 in a production conducted by Maurizio Arena and staged by Sandro Sequi, with a cast headed by Giusy Devinu and Vincenzo La Scola (081-797 2331)

PALERMO

Teatro Massimo The opera season begins on Jan 4 with Roberto Devereux, conducted by Gianandrea Gavazzeni and staged by Alberto Fassini, with a cast led by Denia Gavazzeni Mazzola and Pietro Ballo. Repeated Jan 7, 9, 13, 16, 19, 22 and 25 (091-6053 315)

PRAGUE

Smetana Hall Bohumil Kulinsky conducts Bambini di Praga in two Christmas Day concerts. Martin Turnovsky conducts Prague Symphony Orchestra in a New Year's Day concert featuring *Tchaikovsky's First Piano Concerto* (Igor Ardasev) and Janacek's Sinfonietta (02-232 2501)
Prague State Opera On Christmas Day, there is a matinee performance of Cosi fan tutte followed by Tosca in the evening. On Boxing Day there are matinee and evening performances of La traviata. Dec 28: Nabucco. Dec 30, 31, Jan 2: Die Fledermaus (02-265353)
National Theatre Repertory over the holiday period includes The Bartered Bride, The Makropoulos Case and a new production of Dvorak's The Jacobin (02-205364)
Estates Theatre Next Mon, Wed, Thurs: Die Zauberflöte (02-228658)
Palace of Culture Next Wed: *National Theatre Chamber Orchestra* plays Mozart, Martinu and Mahler, with piano soloist Jindrich Petras *(02-232 2501)*
● For pre-booking and information about these and other events, *contact city centre ticket agencies* (Sluna, Wenceslas Square 28 in the passage, tel 02-261602, or *Bohemia, Na Prikope 16, tel* 02-228738, or Melantrich, Wenceslas Square 38 in the passage, *tel* 02-228714) and theatre box offices.
Tickets can be ordered from abroad through Bohemia Ticket International, Salvatorska 6, 11000 Prague 1 (fax 02-231 2271)

TURIN

Teatro Regio Tonight: Pinchas Steinberg conducts final performance of Luca Ronconi's production of The Makropoulos *Case, with Raina Kabaivanska.* The next production is La forza del destino, opening Feb 15 (011-881 5214)

ARTS GUIDE

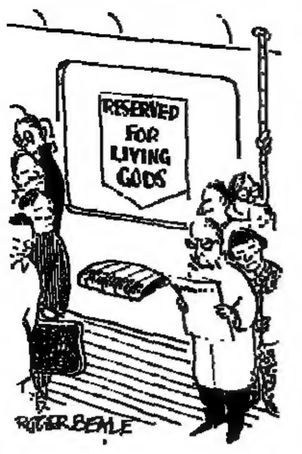
Monday: Berlin, New York and *Paris.*
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, *London, Prague.*
Friday: Exhibitions Guide.

European Cable and Satellite Business TV

(Central European Time)
MONDAY TO FRIDAY
Super Channel: European Business Today 2230; repeated 0630, 0715
MONDAY
Super Channel: FT Reports 1230.
TUESDAY
Super Channel: West of Moscow 1230
Euronews: FT Reports 0745, 1315, 1545, 1845, 2345
WEDNESDAY
Super Channel: FT Reports 1230
THURSDAY
Super Channel: West of Moscow 1230; FT Reports 2130
Euronews 0745, 1315, 1545, 1845
FRIDAY
Super Channel: FT Reports 1230
Sky News: FT Reports 2030
SATURDAY
Sky News: 0330; 1330
SUNDAY
Super Channel: FT Reports 2230
Sky News: FT Reports 1730; 0430

Letter from Tokyo

O come all ye faithful



On the night before the night before Christmas, believers in the Science of Happiness will gather in the Tokyo Dome, scene of baseball games in season, stadium-style rock concerts and the occasional trade fair.

They will come to listen to Ryuho Okawa, founder of the religion and former office worker, who will deliver a sermon on the Neo-Japanese Dream, his vision that late 20th-century Japan has been chosen as the site for an international spiritual renaissance.

Mr Okawa, who still has the look of the salaryman and lacks a firm handshake, is one of many gods crowding into the Japanese pantheon. The Science of Happiness (or *Kofuku No Kagaku*) regards Jesus as an early prophet, providing reason to genuflect at Christmas, though a nativity scene depicting events of 2,000 years ago can hardly compete against a sports stadium filled with 50,000 of the faithful and a man they believe to be a god.

The sudden rise of Mr Okawa's religion, which claims more than 5m followers and has ambitions to convert all Japanese, is seen as a popular reaction against the spiritual poverty of material wealth, though the Christmas antics of young Japanese suggest that materialism still has drawing power.

Christmas eve is supposed to be spent in the company of that special friend, for whom the Y100,000 act of devotion is a supper show, a hotel room overlooking Tokyo Bay, and a pendant, diamond ring or otherwise prominent piece of jewellery.

Well-prepared couples will have taken a pre-Christmas tour to an amusement arcade, Mirrorna, where they stumbled through a mirror maze, and sought advice from computerised fortune tellers about the suitability of their partner. Recession has made "Christmas At Home" a popular theme in Japan, but the emphasis is still on romance and consumption. Present-giving to children, not traditional in Japan, is socially acceptable, and the Christmas card has acquired a creeping popularity.

Most of the card scenes are of snowmen and Santa rather than the arrival of the wise men or the radiant babe in manger. One card claiming to "provide energy for the year ahead" comes with a compact disc that supposedly sends "subliminal messages" through a selection of songs including *White Christmas* and *Silent Night*. A homegrown hamburger chain, Mos Burger, believes that this is the season to be amused by puns, as munchers are told to have a Merry Xmos.

Indulging in a Christian festival can be done without violating the doctrine of Shinto, a religion or folklore which allows the devout to observe other faiths. It is a mark of Japanese tolerance that 49 new religions were registered last year, bringing the country's total to 5,888.

Shinto is flexible enough for the Emperor to have been deified and debunked over the past century, and gradually redeified in the minds of a minority of Japanese over the past few years without undermining the popularity of festivals with origins in the planting season and the harvest.

It also allows Japanese companies to pursue the cause of materialism with enthusiasm while maintaining a shrine on the roof of their headquarters.

But the stripping away of Emperor Hirohito's supernatural powers at the end of the second world war left a vacancy that others rushed to fill. In 1945, a Yamaguchi farmer's wife declared the "first year of God's Kingdom", and spread the word of what was known popularly as the "Dancing Religion" for its ceremonial use of dancing. Born Sayo Kitamura, she became Ogamisama and travelled the world, urging all to "rid yourself of selfishness, polish your soul and become a true human being", a creed still followed by an estimated 650,000 people.

Mrs Kitamura described herself as a living god. But other self-appointed deities are coy about their status and rely on the faithful to draw the conclusion that, for example, Daisaku Ikeda, leader of Soka Gakkai, a lay Buddhist movement claiming 8m members, is more than a mere man. An unseemly argument within the movement, has stained his halo. Mr Ikeda has been "excommunicated" by the monks who claim to be guardians of the faith; the monks, in turn, are accused by Mr Ikeda's assistants of "madly playing golf and living spendthrift lives".

Another reason for the spread of new religions and the sudden popularity of hypnotism and seances is believed to be the weakening of ties between company and employee. Instead of worshipping daily at the house of Mitsubishi or Mitsui, disillusioned employees are said to be seeking satisfaction elsewhere, swapping the blue suit for monk's garb or dabbling in the supernatural or taking in mass on Christmas Eve.

Perhaps the most or least appropriate place to spend Christmas in tolerant Japan is Shingo, a village in the northern prefecture of Aomori, which claims to be the last resting place of Jesus. The locals say they have uncovered evidence that Jesus's younger brother was captured and crucified, while he escaped, finally seeking refuge in Japan, where he married and fathered three children.

Having created the legend, the Shingoites are cashing in on it. They have produced "Christ village" sake and rice crackers in recent years, and arranged an exclusive appearance by Santa Claus this Christmas. The villagers are haunted by neither Christian guilt nor eastern shame, and all are welcome.

Robert Thomson

Hollywood has had a bumper year of hits, but competitors are catching up, says **Martin Dickson**

Clouds spoil a starry horizon

"Movie of the Year", trumpeted the front cover of Newsweek. "The most demanding and emotionally overpowering American movie in years", said New York magazine.

Schindler's List, the true story of the rescue of 1,200 Jews from the Holocaust by a raffish German industrialist, opened in US cinemas last week to superlative reviews, capping a year of extraordinary achievement for producer-director Steven Spielberg, Hollywood's master showman.

Jurassic Park, his film about dinosaurs rampaging through a theme park which opened in the US and Europe last summer, has taken more than $860m in worldwide box office receipts so far, making it the most successful movie of all time, breaking Spielberg's own 1982 record of $700m with *ET*. Now *Schindler's List* is bringing him the artistic recognition that a succession of blockbuster adventure films has not achieved, and it might even win him his first "best director" Academy Awards Oscar.

Spielberg's remarkable year is one of several factors making the mood in Hollywood more optimistic this Christmas than for several years – even though the industry still faces some formidable challenges.

First, 1993 has been a good year at the box office. US cinema receipts are likely to be some 10 per cent higher than in 1992, thanks in particular to *Jurassic Park* (from Universal Studios), but also to hits such as *The Fugitive* (Time Warner) and *The Firm* (Paramount).

Despite a relatively weak Christmas film line-up, the US gross could top 1989's record $5bn, and several leading studios are planning significant production increases in 1994.

The US box office – which has hovered just above or below 1bn admissions a year since the 1960s – now accounts for less than 20 per cent of Hollywood revenues, thanks to the growth of the video rental market and showings of films on TV. However, US cinema receipts are still an important, though not infallible, gauge of how well films will do in the video market and overseas.

Second, the industry has been electrified by the $10bn takeover battle that has raged for the past three months around Paramount Communications, owner of one of the last big Hollywood studios not affiliated to a multinational or multi-media conglomerate. It will be the most important shift in Hollywood ownership since two takeovers by Japanese electronics groups at the start of the decade – Sony's $3.4bn acquisition of Columbia Pictures and Matsushita's $6bn takeover of the MCA group, which owns Universal Studios.

The Japanese bids were based on the theory that entertainment "software", such as films and records, and "hardware", or the equipment on which they are displayed, were becoming increasingly interdependent. That argument remains unproven, though America's rapidly advancing communications revolution – bringing the promise of multi-media, interactive, home TV-based entertainment – makes it look rather more plausible.

The battle for Paramount – between cable company Viacom and television shopping group QVC Network – has already produced bids well in excess of what most Wall Street analysts think the company is worth, as did the Japanese deals before it.

The bidders are gambling that the price of scarce Hollywood assets will rise, because of the central role the industry is expected to play in the multi-media revolution, bringing with it many new television channels. "The demand for content is going to be astronomical," predicts one leading Hollywood figure. "Demand will far outstrip supply."

The same thinking lies behind the industry's other recent significant takeovers – the purchase of independent studios Castle Rock Entertainment and New Line Cinema, by Mr Ted Turner's television empire, Turner Broadcasting System, for $670m.

A third reason for optimism is that Hollywood's revenues are growing particularly fast in international markets – a fact underlined by this month's row, in the final stages of the Gatt Uruguay Round negotiations, over US demands that its audiovisual products be granted freer access to the European market. The two sides decided to put the issue to one side, for later resolution.


Schindler's List is bringing Spielberg (inset) artistic recognition

Veronis, Suhler, a New York investment bank, forecasts that while US spending on filmed entertainment will rise at an annual average of about 7 per cent to 1997, Hollywood's international sales will grow by 12 per cent and make up just over 50 per cent of the sector's revenues by 1997, compared with 38 per cent in 1987.

Reasons for such optimism – and the increasing ties between US and foreign entertainment companies – include the rising number of households with video cassette players; the renovation of old "flea-pit" movie theatres or construction of new "multiplex" cinemas in countries such as the UK; the growth of satellite broadcasting; and the increasing penetration of western culture into former communist countries and the newly industrialised nations of Asia.

Many US films already do much better abroad than in the US. For example, *Sliver*, a thriller from Paramount starring Sharon Stone, got poor reviews in the US early this year and brought in only $38m of domestic box office revenues. Yet it has produced over $70m internationally. *Jurassic Park* has grossed $336m in the US and $527m abroad.

However, Hollywood's outlook is hardly unclouded. For one thing, rising production and marketing costs in the 1980s mean the industry's operating margins – net operating income as a percentage of revenues – have gyrated in recent years between 7 and 10 per cent, well below the 14-17 per cent enjoyed in the 1970s.

The industry's profits have recovered over the past two years since 1991, when box office receipts fell sharply, thanks to a crack-down on costs. But some analysts worry that plans to ramp up production next year will boost its costs without a commensurate rise in revenues and profits.

Many also argue that Hollywood has become too dependent for its profits on a small number of blockbusters with expensive special effects, a handful of costly superstars, and high marketing costs.

This increases the financial risks from flops (seven out of 10 Hollywood movies generally lose money) and makes it harder for smaller, independent studios to raise the capital needed to compete against the leaders – producing a consolidation of the industry.

The increasing importance of the international market seems likely to encourage the blockbuster trend, since global audiences can relate more readily to established stars and dramatic special effects.

Some sceptics even question whether the interactive home entertainment revolution will be a boon to the industry. For one thing, it may be further off than its proponents predict. And it may simply shift film consumption patterns – for example, from video rental to pay-per-view TV films – rather than increase the number of hours people spend watching movies and TV shows.

Crystal-ball gazing aside, the large Hollywood studios are bracing themselves for a much more immediate challenge: increased competition in an area they have dominated for the past few decades – prime-time network television shows.

A recent court ruling relaxed a ban that had prevented the big three television networks – ABC, NBC and CBS – from owning a financial interest in most of their prime-time programmes, and they are gearing up to increase their output, though their past record at producing hits has been mixed.

The court ruling also makes it more attractive for Hollywood studios to merge with the television networks, and some analysts predict deals will be struck in the next few years involving each of the big three.

Rumours also persist that Sony or Matsushita might seek outside partners for their studios, which have yet to produce a strong return on their Japanese parents' investments.

The Paramount battle, in other words, marks just the latest stage in a Hollywood marital soap opera that has a long way to run.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

All lottery profit should go to good causes

From Mr Richard Branson.

Sir, To reply to your editorial, "Charity lottery" (December 30), we have been planning our bid for the national lottery since 1988 as a result of a visit to the Irish Republic, where charities, sport, theatre and the arts all benefit from the lottery. I was one of a number of businessmen who, as a result of that visit, offered our business skills to set up and run a national lottery for worthwhile causes.

In almost every other country and state in the world this is exactly how the national lottery is run. A group of managers – some with lottery experience – is appointed directly by the government to set up the lottery. It is a myth to think that it is a particularly difficult company to set up. It is no more difficult to set up and run than, say, an airline is. The difference is that the national lottery is, in effect, a licence to print money.

Any good, competent business managers drawing on the right expertise can run and promote it. Almost any of the groups which have put their names forward would be quite capable of running it. This is not a particularly entrepreneurial venture. Therefore, the question that needs to be asked is: is it really necessary to add an extra layer of shareholders, over the managers, who can sit back and cream off hundreds of millions of pounds of profit that could otherwise be going to good causes?

Furthermore, there will be millions of people in Britain who will have a flutter every week on the national lottery hoping to become millionaires. However, we believe – and believe we will be able to prove conclusively to the director of Oflot – that many of these same people will be happy to spend a pound or two more a week if they can be assured that *all* the profits are going to charity. As the former speaker of the House of Commons, Lord Tonypandy, said: "As a matter of principle I wanted nothing to do with the national lottery. I, along with many others, disagree with gambling. However, with *all* the profits going to good causes, I'm not only happy to change my mind but to become a trustee of the Lottery Foundation. I might even have a flutter myself."

We believe that there are hundreds of thousands of people who will participate more fully with a lottery designed to maximise the take for charitable causes.

We are not only saying this. I, together with others, am willing to devote considerable time and sums of money (with no wish for any return) to prove this to be the case.

Richard Branson,
The Lottery Foundation,
11 Holland Park, London W11

Legal means not best way to deal with late payers

From Mr Gerald Frankel.

Sir, You are right to point out that, while a legal right to interest may help resolve the growing problem of late payment, suppliers will always be wary of using the legislation for fear of antagonising purchasers ("Flaws in the German model", December 21).

In this respect, Financial Times readers might like to consider some ideas recently put forward by the Labour party in its consultative document *Into the Growth Corridor – Helping Small Businesses to Succeed*.

This suggests several measures which could be considered before legislation. Public sector organisations could be required to pay within 30 days or pay interest on the outstanding amount; public companies could be required to identify and publish their payment practices in their annual report.

In addition, the introduction of a code of practice on the payment of debts could be made a requirement for companies achieving quality standards such as BS 5750.

The introduction of legislation would be considered only in the light of the results of these actions.

Gerald Frankel,
chair,
small firms study group,
Labour Finance & Industry Group,
11 D'Arblay Street,
London W1V 3FP

All knotted up with too much legislation

From F K C Pike.

Sir, Thank you for printing the article "Trapped in a Company Flat – The Leasehold Act is creating a two-tier property market", by Caroline Garnham (Finance and the Family, December 18).

This demonstrated admirably the tangle that is being created by current legislation; not all that different from the work of a kitten with a ball of string.

Economists think that the economy is driven by market forces, but growth is a function of the ability to do things without the burden of tax advisers, investment managers, pension fund administrators, solicitors and specialists on current EU legislation.

It is even tough being the beneficiary of a will. The administrators send you a letter giving you the good news and some four months later you get a cheque for half the amount. It is good fun (for some) trying to get an explanation from a solicitor who has made a mistake!

Oh for the simple life, when laws could be read and understood by all (as in the Ten Commandments) and we did not have to pay for the advice which we did not need and at rates that we could not afford.

F K C Pike,
Knighton House,
Ferry Road,
Studland,
Swanage,
Dorset BH19 3AQ

Economic model not understating impact of tax changes

From Mr Kenneth F Wallis.

Sir, You have recently given publicity ("Tax 'flaw' may trip chancellor", November 15) to the claim by Douglas McWilliams, of the Centre for Economics and Business Research, that models of consumers' expenditure of the type conventionally used by the authorities have a serious flaw, which leads them to understate the impact of tax changes on the economy. Instead, he says in his recently published study, "a change in income tax rates will affect consumers' expenditure by approximately twice the amount estimated by conventional models such as those used by the Bank of England, the Treasury . . .".

The estimate given by CEBR of the impact on consumers' expenditure in the Bank model of a 1p rise in the basic rate, namely a reduction of 0.14 per cent, does not accurately reflect the properties of that model.

Nor, for that matter, does it accurately describe the Treasury model, which has been the recipient of most of the adverse comment. The correct way to estimate the economy's response to a policy change is through a simulation exercise on the model in question. On doing this with the versions of the models released to us by the Bank and the Treasury (the Treasury's model is publicly available) we find that the corresponding figures are in the range 0.5 to 0.7 per cent, depending on the definition of consumers' expenditure that is used.

CEBR's preferred figure, in the range 0.25 to 0.34 per cent, is itself a considerable underestimate. Hence its claim, based on its figures, that the official models understate the impact of tax changes, is incorrect.

Observer ("Younger model sought", November 29) described Douglas McWilliams's finding as "an embarrassing flaw" in the Treasury model. Treasury and Bank officials need not be embarrassed at all by this allegation.

Kenneth F Wallis,
director,
ESCR Macroeconomic Modelling Bureau,
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Coventry CV4 7AL

هكذا من الاصل

FINANCIAL TIMES
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Thursday December 23 1993

Monetary tests après le déluge

After the summer currency upsets that forced an emergency widening of fluctuation bands in Europe's exchange rate mechanism, French monetary policy has entered a period of relative calm. The French franc's recovery this month to pre-crisis levels against the D-Mark represents a modest success for the now independent Bank of France.

The Bank has been able to make steady cuts in interest rates without damaging the franc's rally from its undervalued levels in August. However, the French authorities should resist the temptation to order any triumphant hoisting of the tricolor. France is heading towards the presidential election in 1995 at a time of low growth and 3m-plus unemployment. The economic and political strains which caused the midsummer pressure on the franc have abated. It would be unwise to conclude that they will not reappear.

Three-month French interest rates, at about 6½ per cent, are now only 0.3 point above rates in Germany levels – 5¼ points below the levels at the start of the year. Ten-year French bond yields are down to 5.7 per cent, 0.05 point above German levels, representing a fall of nearly 2½ points since January. However, the French inflation rate is only 2 per cent, and still falling. French interest rates are thus still far too high to allow satisfactory recovery. Achieving further sustainable interest rate cuts, perhaps another 2 percentage points at the short end of the market, is an essential objective for next year.

Competitive problems

According to the Organisation for Economic Co-operation and Development, France is weathering its worst two-year period for growth since 1945. French gross domestic product is forecast to rise just 1.1 per cent next year after a 0.9 per cent contraction this year. The rising French trade surplus appears to indicate that French exporters have only limited competitive problems. However, according to the OECD, French manufacturers in 1993 suffered a greater fall in export market share than any other industrialised country in Europe apart from Germany. The likelihood of a weaker D-Mark in coming months could give a modest economic stimulus to France and other countries linked to the D-Mark, by increasing opportunities for interest rate cuts. However, as long as France remains bedevilled by the key structural problem of inadequate employment creation, economic navigation will remain arduous.

In its ERM policies since the summer, France has managed to fulfil a number of interrelated objectives. Mr Edouard Balladur, the French prime minister, has reinforced his grip on policy. Indeed, the general applause given to Mr Balladur's successful manoeuvrings over the Gatt deal has been one of the factors behind the franc's recent firmness. Released from its unsustainable obligation to defend the previous narrow bands, the Bank of France has been able to repay its unprecedented foreign exchange debts built up at the high point of the crisis on July 30. By maintaining the central D-Mark/franc parity, France has kept alive the possibility of clinching the Maastricht goal of economic and monetary union later in the 1990s.

Chief headaches

It is precisely in the link between European and domestic policy, however, that Mr Balladur's chief headaches lie. After the breakdown of Franco-German monetary co-operation during the summer, rebuilding confidence between Bonn and Paris will be difficult. The French and German authorities are sensibly avoiding any talk of a speedy formal return to narrow bands. However, their evident fear that such a move would encourage now-quiescent currency speculators to return to the fray underlines their limited faith in the ERM's underlying strength.

To achieve Emu, re-establishing French economic policy credibility is a necessary, but not sufficient condition. It will also require a degree of political consensus with Germany which was not evident during the summer. Successive French governments, however, regard Emu as an objective for which they are ready to make large sacrifices. For the time being, the mix of policies followed in Paris since the summer storm seems to offer France the best chance of eventually bringing the prize into reach.

No deal in Bosnia

The agony of the Bosnian Moslems continues. Their position has been compared, by various people at various times, with that of the Czechs in 1938 or that of the Palestinians in and after 1947.

The Czechs were put under intolerable pressure, by people who claimed to be their allies, to accept the amputation of their national territory as the only alternative to a hideously destructive war. They accepted, only to find that within six months the state was destroyed anyway. The Palestinians, asked by the international community to accept partition of their country on ethnic lines, refused – only to suffer defeat after defeat and be told each time, in the name of realism, that they must make do with an even smaller fragment of territory than they had previously rejected.

The Czech analogy is an indictment of the west for appeasing aggressors. The Palestinian one is intended, usually, as a hard but necessary lesson for the Bosnians themselves: to take what they can get, before it is whisked off the table.

But the actual position of the Bosnians, and the moral position of the west, is worse than either analogy suggests. The Czechs in 1938 were only asked to give up that part of their territory whose population was predominantly German; and the western powers had the excuse that the alternative was a war they were not yet ready to fight, though they were preparing for it. The Palestinians in 1947 were at least offered a territory on which a more or less viable state could have been built; moreover their adversary was prepared to accept the deal in good faith, and could reasonably have been expected to respect the partition had they agreed to it.

Military power

None of those conditions apply in Bosnia today. The Bosnian government has already lost the greater part of its national territory, including many areas where Moslems were in the majority until the fighting started. The west has ample military power to defeat the aggressors, should it choose to do so. The territory now on offer to the Moslems is too fragmented to be the basis of a viable state. And they have no reason whatever to believe their adversaries, especially the Serbs, would implement the agreement in good faith if they accepted it.

The Serbs have done a deal with the Croats, in a cynical attempt to exploit the latest peace plan of the European Union, which suggests that sanctions on Serbia might be gradually lifted if the Moslems were given a state comprising one third of the country, as they had demanded in September. On paper the deal does offer the Moslems that percentage, but the map of the proposed territory makes no sense, whether demographic, economic or military.

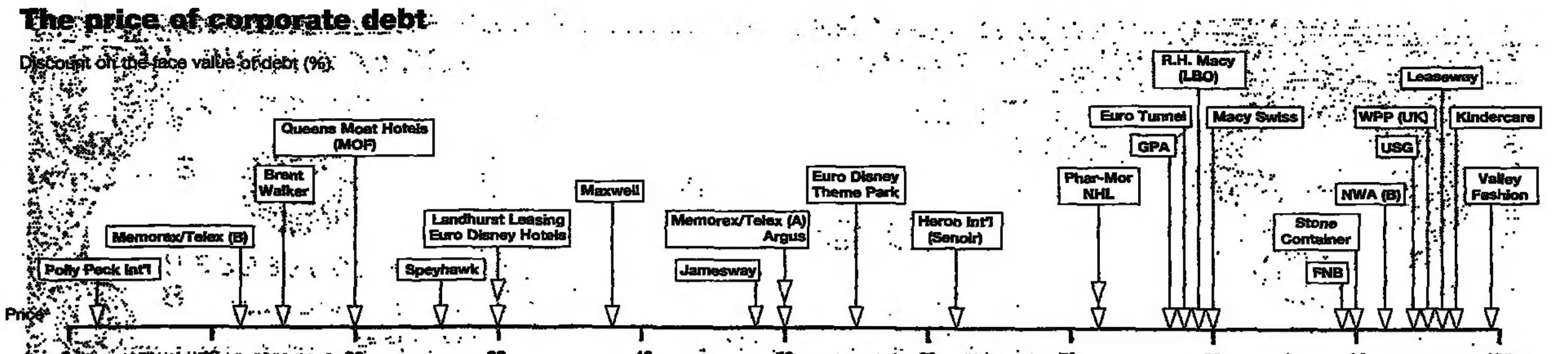
Lamentable record

The Moslem enclaves in eastern Bosnia would be completely isolated, Sarajevo virtually encircled by the Serbs and cut off from its suburbs, and the Moslems would no longer have the access to the river Drava in the north that they were previously promised. Moreover the deal was negotiated by the president of Serbia, Mr Slobodan Milosevic, not by the Bosnian Serbs. Even if Mr Milosevic reached it in good faith, his previous record in imposing concessions on the Bosnian Serbs is lamentable, and his authority has now been further diminished both by the loss of his own parliamentary majority and by the re-election of a Serb leader in Croatia whom he had previously deposed.

The EU, it should be stressed, has not endorsed this offer. The Serbs must realise that they have to improve it drastically, and be prepared to implement it, before there can be any question of lifting sanctions. At the moment they have once again turned the world against them by stepping up the bombardment of Sarajevo, and interfering with relief supplies, in a blatant attempt to put pressure on the Moslems. Yet Nato, which back in August threatened air strikes on Serb positions if the "strangulation" of Sarajevo continued, seems further than ever from taking any action. Instead, the British and French governments have been adding to the pressure on the Moslems by hinting they may withdraw their troops in the spring if no agreement is reached. This can only encourage the Serbs in their intransigence.

The price of corporate debt

Discount on the face value of debt (%)



Source: Continental Bank (December 13, 1993)

An intruder scares the Old Lady

The growth of the secondary debt market in London has split the financial community, says **John Gapper**

Among the many indignities suffered by Mickey Mouse since he moved to the loss-making EuroDisneyland theme park near Paris, the most galling is this: people doubt the colour of Mickey's money. The FFr20.3bn of Euro Disney bank debt is being quoted at discounts of up to 70 per cent on the newest capital market in London.

Euro Disney is the latest company to have its debt quoted in the secondary loan market, which has sprung up over the past two years. In this market, banks trade debt in troubled companies at a discount to investment funds – often based in the US – which buy it cheaply, hoping it will rise in value if there is a corporate restructuring.

The market is small as yet. An estimated $1bn was traded in London in 1992, and $2bn this year, compared with UK industrial and commercial debt of £245bn. Yet the implications of banks selling debt are profound. "The effect on the City will be as great as Big Bang was for the equity markets," says Mr Robert Tyrwhitt-Drake, who heads Bankers Trust's secondary debt trading operation in London.

The emergence of this secondary market has shaken some of the companies involved. US companies are used to dealing with competing creditors when trouble strikes. But UK groups are accustomed to a more protected environment in which debt restructurings are handled by a familiar set of banks, occasionally herded by the Bank of England.

They now face a different world, in which debt may be held by US high-yield funds, known as "vulture funds". Such funds may have held debt for only a few weeks, and want a "quick exit" as the price rises. They may feel no obligation to follow the Bank of England's "London Approach" under which creditors are expected to reach a compromise on the relative merit of their claims.

There are several reasons for the new market's growth:

- Foreign banks expanded in London during the 1980s by taking £5m to £10m participations in syndicated loans. Selling the loans – sometimes at 95 per cent of the face value – has been the fastest way to withdraw from London and concentrate on their home markets.
- Many poor loans made in the 1980s have now been written down to a fraction of their face value. This means banks can make a notional profit even when they sell at a discount. "If a bank holds a loan at 20 per cent of face value, it will sell at 65 cents on the dollar," says Ms Alex McLeod, managing director for asset trading at Continental Bank, the US commercial bank, in London.
- Banks embroiled in a large number of debt restructurings involving relatively small loans have sought to escape through debt sales or swaps. "It is extremely awkward and consumes a lot of management time to be involved in lots of problem cases," says Mr David Harrison, senior manager for corporate banking at Lloyds Bank.
- As banks have grown more willing to sell debt, buyers have come from the US market in search of bargains. Buyers have largely been US funds, although a handful of UK funds has now joined them.

Some companies whose debt has been sold doubt whether the market is as large as many practitioners claim. Eurotunnel's £6.8bn of bank debt is widely quoted, but Mr Graham Corbett, its finance director, says Eurotunnel debt trades can be "counted on the fingers of one hand".

He says that companies with big projects need to deal with banks who understand the complexities of such finance. This is hard for Eurotunnel anyway because 65 banks lend it money. "I would like a smaller syndicate so we could spend more time discussing issues with them," says Mr Corbett. "You don't have that relationship with someone who is trading your debt."

Companies in administration after collapse have different reasons to hope their debt is not traded. First, because the price of distressed debt can swing wildly depending on the latest twists in a restructuring, buyers can disrupt the work of administrators by their constant thirst for data. Mr Mark Homan, a joint administrator of Maxwell Communications Corporation, says there has been "one hell of a clamour for information" from funds holding debt.

Second, banks and insolvency experts are afraid of funds deliberately upsetting an orderly restructuring to make financial gains. They cite US cases where funds have allegedly forced other creditors to buy out their stake at a premium by threatening to block restructuring proposals.

This obstructive behaviour may be unpopular with banks, but it is seen in the US financial services industry as part of the cut and thrust of corporate restructuring. The City of London, led by the Bank of England, has a different view. Under the London Approach the Bank discourages commercial banks from appointing receivers too quickly, urges them to share information and wants all creditors to try to reach a common agreement.

The potential for this arrangement to be undermined by debt trading has led the Bank to be ambivalent over London acquiring a new capital market. Mr Pen Kent, the Bank director in charge of relations between the City and industry, says that although the debt market could bring liquidity, the destabilising of the London Approach would be "too high a price to pay".

He argues that Chapter 11 proceedings in the US tend to be longer than UK restructurings. Because the latter are voluntary and need the unanimous agreement of creditors, he believes they must be fast in order to work. "If creditors are just running around trying to sell debt to each other rather than working on a solution, it could be that a company will simply run out of time [to be rescued]," he says.

Yet some secondary debt brokers argue that the London Approach simply protects banks at the expense of other groups of creditors such as bondholders. They argue that the Bank is struggling to maintain a cartel that does not always work in the interests of troubled companies. Mr Tyrwhitt-Drake of Bankers Trust says the Bank has had a "protectionist approach that has created false markets".

The funds insist they do not impede restructurings. Mr Christopher Cooke, managing director of Kingsway Debt Managers – one of the few UK funds buying distressed corporate debt – says his fund is no more hostile than a bank. "We would not do anything unfriendly," he says. "We are not trying to take control, or force asset sales." Mr Gary Klesch, a debt broker and analyst, says that funds have "no interest other than increasing the value of their stakes by helping the company involved to do better".

Mr Tyrwhitt-Drake says that funds can be more imaginative than banks because they are more at ease with complex capital instruments. "Funds are prepared to look at a company's whole capital structure, and that is very valuable," he says. He believes that the London Approach "will not last five years" given the competitive pressures exerted by debt trading.

If the approach to troubled businesses changes, then all European companies that encounter similar problems to those facing Euro Disney could see a brisk reaction not only from equity markets, but from their banks. Mr Corbett of Eurotunnel admits to being "very torn" between his instinctive belief in markets, and his worries about debt trading. He will not be the last finance director to be so torn.

Clay Harris rates this year's corporate greetings cards

The folly and the lively

Slime does not spring to mind as the most tasteful object to feature on a corporate Christmas card, but UK bio-technology company Xenova has carried it off. Its photograph of a mould growing on a decaying log in a South American rain forest illustrates one source of its drugs in development.

Xenova's card succeeds because it passes three tests of effective corporate communication in the festive season: it is imaginative, visually attractive, and it says something special about the sender.

Each bad card, however, as Tolstoy might have said on opening his holiday post, is unhappy in its own way.

Let us first award the annual blasphemy prize. The winner shows three wise men being greeted at Skipton Building Society with: "You've hear about *our* Royal Sovereign then, have you?" There is obviously no holiday from promoting this savings product.

Jollity at the expense of suffering also strikes a false note. Royston Investments, a futures fund manager, urges recipients to "start 1994 with a billion" and encloses a 1bn dinar note from Yugoslavia.

And Ofwat, the water industry regulator, cosily pictures itself as Santa Claus, addressing the halo-ed companies in its charge: "Have you all been good boys and girls?"

Anthropomorphic cartoon animals are another *bête noire*. Reindeer tend to suffer the most, nowhere more than on the card from Nomura International's corporate communications department in London, which has the poor creatures playing golf. The crowning insult is Nomura's logo visible through the cut-out cup.

Other victims of logophilia include Norwich & Peterborough Building Society and Everest double glazing.

There is an emerging, and deplorable, tendency towards adorning cards with drawings by children, sometimes the progeny of an employee, sometimes the winner of a school contest. Most of these efforts belong nowhere more public than fridge doors of doting parents.

Some genres are so hardy that they will survive any amount of scorn. Certain public relations consultants, venture capitalists and stockbrokers feel obliged to send their own group pictures or caricatures in "humorous" situations. There is nothing to do but groan.

Leeds Development Corporation has the naffest card. "We'll give you something to toast this Christmas," it says on an early 1960s-style photo of the hands of two businessmen holding brandy glasses in front of an open fire.

And the British National Space Centre is rather heavy-handed with its view of the earth orbited by the words Observation, Communication and Science.

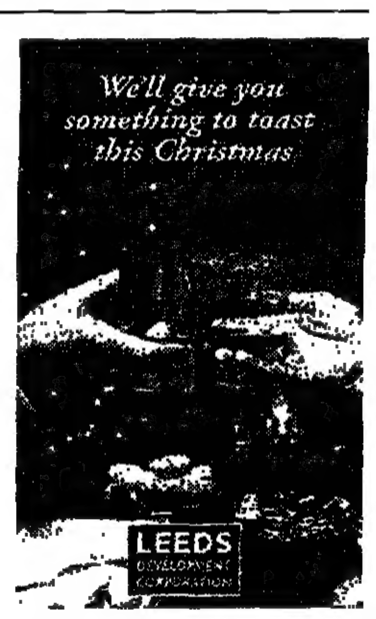
But scientists, in general, had a good year. Three organisations plumped for colourful abstract images of their daily work. The Agricultural and Food Research Council shows gene sequence analysis for detecting pathogens in food, the Rutherford Appleton Laboratory features an image of an ice crystal in the nuclear physics lab, and the European Space Agency gives an "impression" of background radiation in the earth's environment.

All these are no more than pretty pictures using bright artificial colours. They have little scientific relevance, but they identify the sender's business and they're eye-catching and that is enough.

To some eyes the Financial Times's own card succeeded on the same terms. A reproduction of the FT's 1951 card, it features a variant of the "Walking Newspaper" designed by Abram Games. Just old enough to have a retro look, it also served to commemorate the paper's centenary on pink paper. Some in the office debating society, however, felt it was too commercial.

Even that criticism could not be made of a striking black-and-white panorama of the sledging masses on London's Primrose Hill, which was sent both by the Barnfather public relations agency and the London Clearing House, a provider of settlement services.

The best religious/traditional card this year is an angel of peace from a 1480 altarpiece, sent by the PR firm Cardew, which flooded the City with cherubim in 1992. But for secularists, the winner is a stark photograph of frozen leaves from North West Water.



In these political correct days, senders cannot be *too* careful. BMW's card in the US shows a couple cruising along in a convertible with New Jersey plates, an image which smacks of smug *nouveaux riches*, the unintentional equivalent of an Essex joke. The humorously challenged are already crying: "Hey, that's Joisey-ist!"

OBSERVER

Sexing the cherry

■ Eat your heart out Dominic Lawson. The editor of the Spectator, the bumptious English weekly which claims a circulation of around 48,000 copies, could be forgiven for going green about the gills. Its near name-sake, the American Spectator, is enjoying much greater influence.

A far right Washington-based monthly, it was started by editor Bob Tyrrell in 1967 as The Alternative, an off-campus rag out of Indiana University. But it has no connection with the English paper, least of all in the circulation stakes, where the readership has exploded from 30,000 to 201,000 in the past 20 months.

The secret seems to have been some sizzling investigative pieces – on Anita Hill, David Koresh, the Clintons' tax returns, and now, in the January issue, on the First Couple's sex life. The right-wing foundations which back the (still loss-making) outfit may be pleased, but aren't the lawyers getting nervous? Observer glanced at the masthead to discover that it avails itself of the no doubt more than able legal counsel of Solitary, Poor, Nasty, Brutish & Short.

Life's lottery

■ Professor Teeling Smith, pontificating in The Times yesterday about the dangers of Richard Branson's plan to run the National Lottery as a charity, should know what he's talking about.

Five years ago Teeling Smith, professor of health economics at Brunel University, was trustee of the National Hospital Trust. It planned to raise money for the National Health Service by aggregating lots of local lotteries to build up a big prize.

The wheeze foundered amid threats from the Director of Public Prosecutions. "It was an ill-fated venture and I was glad to be rid of it," admitted the Professor yesterday.

US manoeuvres

■ Despite his departure as US defence secretary, Les Aspin's finger is still hovering over the button. Which diplomatic plum will he collect as his consolation prize?

According to the semi-official word from chief of staff Mack McLarty, Aspin can choose between the US embassies in Beijing or Moscow. Theoretically, Beijing's incumbent, Stapleton Roy, would then be free to take over the vacant job of deputy secretary of state. On the other hand, if Aspin fancies Moscow, that would release Tom Pickering, the senior career diplomat, to be number two in Foggy Bottom.

However, Aspen may not have the field to himself. The name of

Vernon Jordan, the civil rights lawyer, golfing pal of the president and all round fixer is being discreetly mentioned – his presence on the presidential flight to Moscow next month could be significant.

Liabilities

■ You are female and prefer to turn up to your workplace clad in Doc Marten boots, shorts and T-shirt, with an earring through your nose. Who will employ you? Well, the Bank of England for one. Which all goes to prove what a sexist institution it is.

That at least is the opinion of Peter James, a clerk in the dividends department of the Bank's Gloucester outpost, who feels sufficiently aggrieved to take his case to an industrial tribunal. He is supposed to wear a suit, while the distaff side is merely required to look neat and businesslike.

But he got no sympathy from chief registrar Derek Bridger. "I think women can look neat and businesslike in probably a wider variety of garments than [can] men."

No stuffed shirt, he.

Derivative

■ The prime minister's decision to have a go on a computerised riveting machine at the Shorts aircraft factory in Belfast yesterday was bound to be misinterpreted by the more cynical of Britain's lobby correspondents.

"When was the last time you saw the words 'John Major' and 'riveting' in the same sentence?" piped up one wit.

Banking habits

■ What kind of company can spend eight months looking for a new chief executive only to decide it doesn't need one after all?

Judging by the 5 per cent jump in merchant banker Kleinwort Benson's share price yesterday, the stock market has fallen for its odd excuse that it didn't want to risk breaking up a "winning team" by bringing in an outsider.

Instead, the job of managing a business of 2,800 people is going to be done by a new "senior management structure" consisting of an executive chairman, a deputy chairman, two vice chairmen, two joint chief executives of investment banking and the chief executive of investment management.

The press release contains no mention of the finance director, operations director and the directors in charge of banking and the balance sheet. Nevertheless, Lord Rockley, the new chairman, assures Observer that they will continue to play a key role.

The failure to find a chief executive wouldn't matter so much if Kleinwort had done its shareholders proud. But since Big Bang, its shares have underperformed the market by 40 per cent while Schroders' and Warburgs' have outperformed handsomely.

It would be nice to think that Kleinwort's management might be subject to the same sort of awkward questioning as any other business in a similar state.

Spirited

■ A topical note from a carol concert in deepest Cambridgeshire. All choristers should note that the final verse of Good King Wenceslas now goes:

When a VATman
came in sight,
taxing winter fuel.

FINANCIAL TIMES
Thursday December 23 1993

Bosnian factions turn down last chance of settlement this winter

By Lionel Barber in Brussels

LEADERS of the warring parties in former Yugoslavia yesterday agreed to a Christmas truce, but European Union-led efforts to achieve a wider breakthrough remained deadlocked over Bosnian Moslem claims for more land to create a viable, independent state.

The Belgian presidency of the EU blamed Mr Radovan Karadzic, the Bosnian Serb leader, for intransigence at the end of the peace talks in Brussels, which were widely seen as the last chance for a political settlement before the end of winter.

Mr Willy Claes, Belgian foreign minister, said Mr Karadzic had delivered a "flat no" to a request to reopen Tuzla airport in order to allow humanitarian aid to resume.

Mr Claes also suggested that Bosnian Serbs were still pressing for a division of Sarajevo, despite the fact that the future status of the multi-ethnic Bosnian capital was "of paramount importance" to a lasting peace settlement.

Negotiations were continuing last night in Brussels under the guidance of Lord Owen and Mr Thorvald Stoltenberg, the two international mediators. Also present was Mr Slobodan Milosevic, Serb president; Mr Franjo Tudjman, Croatian leader, and Mr Mate Boban, his Bosnian proxy.

Lord Owen and Mr Stoltenberg were trying to expand on "points of agreement" reached yesterday between the warring parties, notably the principle that the Bosnian Moslems were entitled to one third of the territory in the former Yugoslav republic of Bosnia.

Mr Klaus Kinkel, German foreign minister, said the issue turned on "the quality, rather than the quantity of land" claimed by the Moslems. He and other officials singled out several areas of difficulty.

- Bosnian demands for land corridors linking Sarajevo to the enclaves to the east, including Bihac, Zepa and Srebrenica. The Moslem claims also cover Gornic to the west which Moslems say fell victim to Serb atrocities.
- The status of Sarajevo. Europeans would like to avoid dividing the Bosnian capital on ethnic lines, preferring instead administration under a United Nations mandate lasting around two years. The Serbs are resisting.
- Bosnian demands for access to the Adriatic sea, either to the north or to the south at Neum. Croatians are prepared to discuss sharing sovereignty or joint administration, but broad differences exist over land corridors to Neum.

Mr Claes said a measure of progress had been made during the talks yesterday, and the shelling was now likely to stop during Christmas. But he made no attempt to disguise his disappointment that all parties had failed to compromise. "It is an old story. The glass is half empty or half full, you choose."

The Belgians repeated warnings that the EU was ready to tighten sanctions against Serbia if it was clearly responsible for a breakdown in the peace talks. But diplomats said the Europeans did not mention earlier threats to withdraw their peace-keeping troops.

Elections weaken Milosevic's grip on Serbs, Page 2

Big US firearms retailer turns to catalogue sales after spate of lawsuits

Wal-Mart stops stocking handguns

By Richard Waters in New York

Wal-Mart, the discount retailer which is one of the two biggest sellers of guns in the US, is to stop stocking handguns in its stores from next February.

It will continue to sell the weapons through catalogues, though, and rifles and shotguns will still be available in the 700 of its 2,000 stores across the country which currently sell firearms.

Wal-Mart said the decision to take handguns out of its stores reflected unease among customers. "The majority of them feel uncomfortable with being in a store that sells guns," it said.

The decision, which the company says was taken "three or four months ago," comes after a handful of lawsuits against Wal-Mart and discount retailer Kmart, the US's other biggest seller of guns. These allege negligence in the sale of guns by staff who have not been properly trained.

"You might be selling menswear one day and firearms the next," said the Coalition to Stop Gun Violence, one of several pressure groups which have targeted campaigns against discount stores in recent months.

The decision also follows the killing of six passengers on a Long Island commuter train last month, which has added to pressure for stronger gun controls in the US. Last weekend, two people were killed with an assault rifle in a Wal-Mart parking lot in Oklahoma.

Wal-Mart and Kmart sell between a fifth and a quarter of all rifles and shotguns in the US through their national chains. Figures for handgun sales do not need to be reported, but the discount retailers' market share of such weapons is believed to be broadly similar.

Wal-Mart said that while taking handguns out of its stores, it was not making any changes to the paperwork or other procedures involved in selling the weapons. It added, though, that there would now be a longer delay between the time a handgun is purchased and when it is delivered.

Wal-Mart faces a lawsuit brought this month by the relatives of a mentally ill man who shot his parents using a handgun bought from one of the company's stores.

In a landmark decision in October, Kmart was ordered to pay the victim of a shooting $12.5m after it was found to be negligent in selling a rifle to an intoxicated man.

Gaidar and reforms stay, Yeltsin says

Continued from Page 1

able to form a "constructive opposition".

No single group will dominate the new parliament, although – as Mr Yeltsin noted – the reformist Russia's Choice bloc, led by Mr Gaidar, will have the most seats in spite of the LDP's success in taking the majority of seats in the half of the lower house elected through party lists.

He said the government would remain in place but would be "seriously reformed" – with the number of deputy prime ministers, ministers and staff cut sharply. Further changes to those already announced in the presidential apparatus would also be made, he said.

- US president Bill Mr Clinton said yesterday he and Mr Yeltsin had discussed their planned mid-January summit in Moscow, the second between the two leaders, in a half-hour telephone conversation.

Bank of Canada chief to step down

By Bernard Simon in Toronto

Mr John Crow, the Bank of Canada governor who has built a reputation as one of the industrial world's most ardent inflation fighters, said yesterday that he would not be available for another term in office when his first seven-year term expires next month.

Mr Crow, 56, who is also chairman of the Group of 10 central bank governors, cited "personal reasons" for his decision.

But the newly elected Liberal government in Ottawa has been under strong political pressure not to offer Mr Crow a second term. While foreign investors and domestic business leaders have strongly backed Mr Crow's anti-inflation crusade, the Bank of Canada's tight money policies between 1988 and mid-1992 are widely blamed for exacerbating the recent recession.

Mr Crow's position was also undermined by a blunt and condescending manner, which offended members of the Liberal caucus during their years in opposition.

Mr Crow will be replaced by his deputy, Mr Gordon Thiessen. According to one former Bank of Canada official, the two men's views on economic policy are virtually identical, but Mr Thiessen has a reputation as a more skilful communicator.

The Canadian dollar sank on news of Mr Crow's departure, but recovered to 74.85 US cents in the early afternoon, half a cent above its opening level.

Canadian inflation has dropped from 5.6 per cent in 1991, to 1.9 per cent in the year to November. The commercial banks' prime lending rate reached a peak of 14.75 per cent in mid-1990, but has since tumbled to 5.5 per cent.

The government wants to keep annual inflation between 1 per cent and 3 per cent.

Government bonds, Page 14

'No Sinn Féin talks unless violence ends'

Continued from Page 1

time. As Mr Adams repeated calls for talks with London and Dublin to clarify "confusions and contradictions" in the declaration, senior Sinn Féin officials said "direct contact" was now "a vital and essential part of the process."

But after a meeting of the party's national executive committee in Dublin, Mr Caomngin O'Caolain, a committee member, said he did not believe the peace process was deadlocked.

Yesterday's developments came after The Irish Times reported that Mr Clinton had indicated in a series of written answers to questions posed by the newspaper that the ban on Mr Adams entering the US could be lifted. Mr Clinton was reported to have said that the issue would be kept under review "as the developing situation warrants, especially in light of events flowing from the December 15 joint declaration."

THE LEX COLUMN

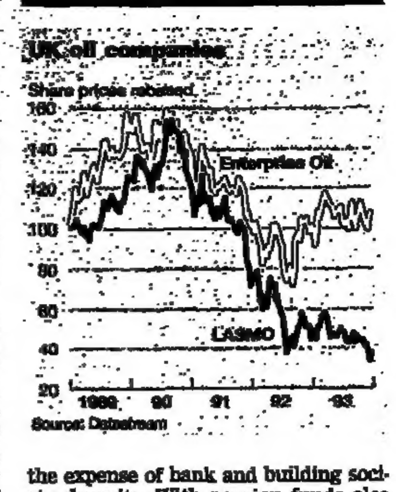
Splitting the ENI family

The sale of Nuovo Pignone completes the easiest part of the privatisation of Eni, Italy's state-owned energy group. Even so, the trade sale of a profitable engineering company has taken well over a year to complete. General Electric of the US was an obvious suitor, since the companies enjoy a commercial relationship in turbines. The involvement of Dresser, Ingersoll-Rand and a syndicate of Italian banks is more difficult to fathom. It is hard to believe that the triumvirate of hard-nosed US corporations will want to endure a minority position for long.

Transfering the larger parts of Eni out of public sector control will require more preparatory work. AGIP in oil exploration and production and SNAM in gas marketing and distribution are attractive enough. AGIP ranks fifth among world oil and gas exploration companies ranked by reserves. But despite promises of restructuring, it seems too much to hope that Enichem might be knocked into shape in time to take part. Its problems are deep-rooted, especially while petrochemicals markets remain depressed. SNAM and AGIP will have to sever their shareholding connections with Enichem before they can be brought to the market.

Welding AGIP and SNAM together would create a natural resources company to be reckoned with, but putting a workable management structure in place will also take time. With France due to privatise Elf Aquitaine in the first half of next year, though, allowing international investors to rest between courses may be no bad thing.

FT-SE Index: 3355.7 (+13.3)



Source: Datastream

UK markets

Worries about weak institutional cash flow this year look, in retrospect, to have been thoroughly misplaced. Overseas investors have proved enthusiastic buyers of UK bonds and equities, while domestic institutions have been surprisingly flush with cash. Yesterday's figures show cash flowing into institutional coffers at a rate of £14bn a quarter. The total net inflow for the year looks likely to exceed £50bn, against consensus forecasts of around £30bn.

The difference is accounted for by stronger than expected sales of single-premium savings products by life insurance companies and a stampede into unit trusts. Savers escaping the dwindling returns on cash are the cause. If interest rates fall again in 1994, sales of equity savings products might gather further momentum at the expense of bank and building society deposits. With pension funds also enjoying stronger inflows, as company contribution holidays come to an end, institutional liquidity could be on an upward trend.

Third quarter figures suggest institutions themselves may have been taken aback by the appetite of retail investors. Around £4bn of short-term assets were accumulated over the summer, around half of that amount by life insurance companies, while purchases of gilts and equities actually declined. Some institutions may have been deliberately building cash reserves to move into property. The more likely explanation is that strong inflows and rising markets caught them flat-footed. The build-up of cash in the summer may then have fuelled the bull market of the fourth quarter.

Lasmo

For once the news from Lasmo is not entirely bad. It has managed to sell a chunk of its Liverpool Bay assets to PowerGen for what appears to be a full price in today's depressed oil market. Since it will also have to spend £56m less developing the field, the deal will cut its gearing by a useful 15 percentage points or so. That will reduce the constraints on its balance sheet as development spending rises to its peak in 1995. Lasmo can live more easily with low oil prices between now and then. And while its Markham field interest remains for sale, the company will be under less pressure to accept a fire-sale price.

Yet the market's indifference to the announcement – its shares rose just 1p to 114p – is a reflection of the fact that selling off such valuable assets is a mixed blessing. PowerGen is matching the 25 per cent premium for the dollar value of the reserves which it paid to Monument Resources for a smaller stake last month. It evidently recognises the worth of Liverpool Bay.

Lasmo's future share of this lucrative project will be smaller and it is also sacrificing existing cash flow from the Ravenspurn field amounting to some £18m. Nothing in yesterday's announcement changes the basic fact that Lasmo's large debts make it more highly geared to the oil price than most of its peers. The more a weak oil price prompts divestments now, the less it will earn later.

P&O

The cynical way of looking at P&O's disposal of most of its stake in Modern Terminals for £117m is that the company is conveniently realising a capital gain at the end of the year to help pay its dividend. Last year's payout was only just covered and operating profit showed only marginal growth in the first half. So the company needs exceptional gains to justify a dividend which it actually increased as profits fell at the onset of recession. Were that the whole story, the market would scarcely have been justified in pushing up P&O's share price by 1 per cent in response to the sale. There are, however, mitigating considerations.

Since the stake in Modern Terminals was too small to be consolidated or even equity-accounted its only contribution to profits was a meagre dividend flow. The disposal has revealed a hidden value which was not apparent at the operating profit line. If this situation is replicated elsewhere in P&O's balance sheet, the market may have under-estimated its true net worth. One question, therefore, is how far investors should factor in the scope for capital gains.

The answer would be easier if P&O were explicit in its intention to make money out of trading assets. In that case, its dividend would also be smaller, since it would presumably be anxious to conserve resources for profitable investment deals. As it is, the group remains wedded to its cyclical property and shipping businesses, and there is limited transparency to its investment activities. Investors may take some comfort from the possibility of future capital gains. They would take more if the main businesses were generating more by way of operating profit.

FT WEATHER GUIDE

Europe today

Skies will be overcast and rain or snow will fall across much of northern Europe. Winds will increase again over the English Channel and North Sea to near gale force.

Conditions over northern Norway and Sweden will be unsettled.

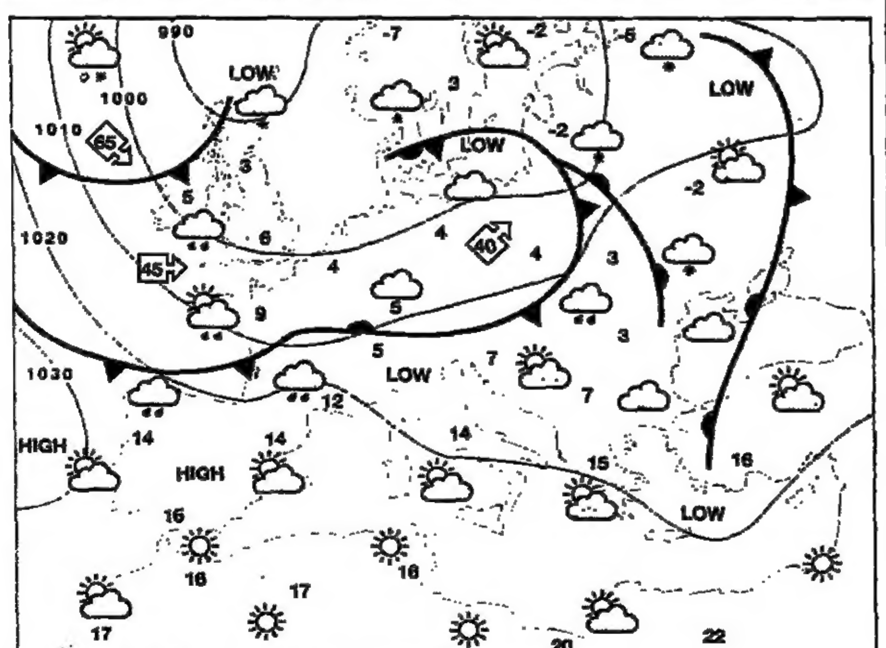
France will have heavy rain and there will be snow in the Alps above 1100m. The heavy rain may result in some flooding in France and the Low Countries.

Over Spain, Italy and Greece there will be long sunny intervals and light winds.

It will be cloudy in western Turkey while further to the east it will be sunny.

Five-day forecast

Conditions will continue to be rather unsettled over much of Europe. Rain or snow is likely in many regions. Over Scotland and northern Europe, conditions will be fair but cold.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum	Belfast	sleet	3	Cardiff	rain	6	Frankfurt	shower	5	Malta	fair	18	Rio	fair	17
		Celsius	Belgrade	fair	6	Chicago	fair	-5	Geneva	rain	4	Manchester	rain	4	Riyadh	fair	23
Abu Dhabi	sun	25	Berlin	cloudy	4	Cologne	shower	5	Gibraltar	fair	16	Manila	cloudy	31	Rome	fair	14
Accra	thund	27	Bermuda	cloudy	24	D' Salaam	fair	32	Glasgow	sleet	2	Melbourne	shower	28	S. Frsco	fair	16
Algiers	fair	17	Bogota	fair	21	Dakar	fair	26	Hamburg	shower	4	Mexico City	fair	21	Seoul	fair	0
Amsterdam	shower	5	Bombay	sun	32	Dallas	sun	8	Helsinki	shower	-1	Miami	fair	25	Singapore	shower	28
Athens	fair	16	Brussels	shower	6	Delhi	sun	21	Hong Kong	sun	18	Milan	sun	8	Stockholm	snow	-5
B Aires	fair	20	Budapest	cloudy	4	Dubai	sun	26	Honolulu	fair	27	Montreal	fair	-9	Strasbourg	shower	8
B ham	shower	5	C hagen	sleet	4	Dublin	shower	5	Istanbul	shower	8	Moscow	snow	-4	Sydney	shower	21
Bangkok	cloudy	32	Cairo	fair	20	Dubrovnik	fair	12	Jersey	shower	7	Munich	cloudy	6	Tangier	fair	17
Barcelona	fair	14	Cape Town	fair	25	Edinburgh	shower	3	Karachi	sun	28	Nairobi	fair	25	Tel Aviv	fair	19
Beijing	fair	4	Caracas	cloudy	29	Faro	fair	16	Kuwait	cloudy	23	Naples	fair	13	Tokyo	shower	4
									L. Angeles	sun	22	Nassau	fair	27	Toronto	fair	-6
									Las Palmas	fair	19	New York	fair	3	Tunis	sun	16
									Lima	fair	25	Nice	cloudy	15	Vancouver	cloudy	7
									Lisbon	fair	12	Nicosia	fair	14	Venice	fair	6
									London	shower	6	Oslo	cloudy	-7	Vienna	cloudy	8
									Lux.bourg	rain	3	Paris	shower	7	Warsaw	rain	4
									Lyon	rain	9	Perth	sun	25	Washington	shower	4
									Madeira	shower	18	Prague	cloudy	5	Wellington	cloudy	17
									Madrid	sun	8	Rangoon	fair	32	Winnipeg	sun	-20
									Majorca	sun	16	Reykjavik	cloudy	-3	Zurich	shower	5

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FINANCIAL TIMES
COMPANIES & MARKETS
Thursday December 23 1993

IN BRIEF

Banesto shelves $400m offering

Banesto, the troubled Spanish financial group which in February entered a capital raising and strategic advice agreement with the US bank J. P. Morgan, has shelved a $400m convertible bond issue planned before the end of the year. Page 12

Packaging takeover recommended
Lawson Mardon, the international packaging group, yesterday urged shareholders to accept a takeover offer by Alusuisse-Lonza Holding, the Swiss industrial group. Page 12

Telecoms star rises in the east
TelecomAsia, the Thai concession-holder for the installation of 2m new telephone lines in Bangkok, immediately became the largest capitalised company on the Stock Exchange of Thailand when its shares were publicly traded for the first time yesterday. Page 13

A thriller from Manila

Manila, a laggard in recent years, is finishing 1993 with a flourish. The Manila composite index, higher again yesterday, has risen by 128.7 per cent this year. The surge has been fuelled by consistently strong foreign demand on the realisation that the economy and corporate profits are about to take off. The pick-up has accompanied government moves to overcome long standing electricity shortages: a series of new power stations will supplement existing hydro-electric generation and overcome seasonal shortages. Back Page

Clouds over cotton crop
The mood in many Pakistani villages is sombre, almost funereal. The cotton crop has been devastated by pest attack. The tragedy is not just personal for the farmers. It has turned into a national setback. Page 18

Kleinwort splits its top job Kleinwort Benson, the UK investment bank, has abandoned its attempt to recruit a new chief executive from outside the bank, and will instead split the responsibility between three senior executives. Page 16

ERF cuts losses
ERF, the last remaining publicly-quoted UK truck maker, cut its pre-tax loss substantially in the first six months of the financial year. The shares closed 19p down at 295p. Page 16

P&O in HK sale
P&O, the UK shipping group, has sold a 9.47 per cent shareholding in Modern Terminals. The disposal is in line with P&O's policy of trimming its interest in operations it does not manage, and comes a month after P&O announced its first large commitment in China since 1949. Page 15

ICI invests in Bangkok paints
Imperial Chemical Industries, the UK's largest chemical group, yesterday announced it was investing £9m ($13.41m) in a paint plant in Bangkok, Thailand, as part of its ambitious Asian expansion policy. Page 15

Bid planned for Ferranti
A seven-man team of senior Ferranti International managers is preparing a consortium bid for the bulk of Ferranti's operations. The bid will be put to the defence electronic group's administrative receivers. Page 12

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)				Euro RSCG	572	+	28
Rises				Redoute	1020	+	42
Altana Ind	667.7	+	11.7	Schneider	439	+	14.5
[illegible]	273	+	7.5	Vallourec	[illegible]	+	7.2
Deutsche Babck	249.5	+	[illegible]	**Falls**			
MAN Pf	331	+	8.5	Club Med	321	-	14
Porsche	742	+	35	**TOKYO (Yen)**			
Schmalbach Lub	370	+	13	**Rises**			
NEW YORK ($)				Fuji Spinning	375	+	19
Rises				Isuzu Motors	319	+	23
Chevron	87½	+	1⅜	Kanebo	370	+	38
Intel	61½	+	2	M'bishi Petchem	620	+	35
Texas Instrmt	61	+	1¼	Oki Electric	510	+	38
Viacom B	49¼	+	4⅛	**Falls**			
Falls				Nippon Paint	[illegible]	-	21
Oracle	31¼	-	4½				
QVC	40¼	-	¼				
PARIS (FFr)							
Rises							
Damart	5250	+	250				

New York prices at 12.30.

LONDON (Pence)				Matthews (B)	85	+	7
Rises				Reed Int	890	+	22
Berisford Int	128½	+	15½	Reuters	1818	+	44
Bullough	150	+	13	Rodime	28	+	3½
Carlton Comm	917	+	20	Scapa	232	+	11
Church	380	+	22	Scott Pickford	40	+	5
Electronic Data	588	+	35	Wace	178	+	6
English China	476	+	21	**Falls**			
Essex Furniture	198	+	15	Billam (J)	219	-	50
Excalibur	33	+	5½	British Gas	333½	-	13½
Filofax	184	+	15	Coats Viyella	259½	-	8½
Flextech	332	+	29	ERF	295	-	19
Hill & Smith	175	+	7				
Kleinwort Bsn	591	+	30				
Latham (J)	175	+	12				

Black day for two French leisure groups as depth of problems is highlighted

Auditors stress Euro Disney crisis

By Alice Rawsthorn in Paris

Euro Disney's auditors have warned that the troubled leisure group will be forced to close if it cannot persuade its banks to restructure its finances.

PS Audit, a subsidiary of Price Waterhouse, has qualified Euro Disney's accounts for the year to September 30. "The company will need financial support in order to meet its contractual obligations for the 1994 accounting year," it said. It also warned that if the refinancing "is not completed in sufficient time", the group will "have liquidity problems and will not be able to continue".

Euro Disney, which last month reported a net loss of FFr5.3bn ($900m) on turnover of FFr5.7bn, is trying to negotiate a financial rescue package with 60 international banks. Its net debt totals FFr20.3bn.

Walt Disney, the US entertainment group that owns 49 per cent of Euro Disney, warned the banks last month that Euro Disney was on the brink of bankruptcy and that the lavish EuroDisneyland theme park outside Paris would close if they did not agree to the restructuring.

"The auditor's statement hasn't told us anything we didn't already know," said one of the bankers involved. "But it does emphasise the fact that Euro Disney is in deep, deep trouble."

Euro Disney said yesterday that it was still financially self-sufficient, but that it risks running out of cash – thereby becoming technically bankrupt – early next year. Walt Disney has promised to provide enough money to keep the park afloat while the restructuring is completed – but itssupport will only last until March 31.

The Disney camp hopes to pressurise the banks into reaching an early agreement, thereby defusing the uncertainty over Euro Disney's future and minimising the amount of money that Walt Disney will have to plough in.

But the negotiations are on ice because the banks have commissioned an investigative audit of Euro Disney's finances. KPMG, the accountancy group, was appointed last week and is expected to complete its report in January.

Walt Disney has proposed that the banks reduce Euro Disney's net debt to around FFr10bn through such measures as a debt-for-equity swap and a rights issue. The banks are expected to insist that the parent also waives or postpones royalty payments from Euro Disney. Rights issue prospects are clouded by the recent slide in Euro Disney's shares, which yesterday shed another FFr1.40 to FFr34.10.

The only consolation for Euro Disney is that the Christmas season has so far been busier than in 1992.

World stock markets, Back Page

Club Med loss prompts relaunch

By Alice Rawsthorn in Paris

Club Méditerranée, the French leisure group, plans a major relaunch of its "sun, sea and sex" holiday villages after plunging into the red with a net loss of FFr290m ($49m) for the year to October 31, against net profits of FFr161m in the previous year.

Mr Serge Trigano, who this autumn took over as chairman from his father, Gilbert, the group's founder, said the group had been badly affected by the European economic recession and by the enforced closure of its holiday villages in Egypt, Senegal, Turkey and Yugoslavia due to local political troubles.

He is implementing a rationalisation drive including cutting operating costs by FFr150m a year and closing "five or six" loss-making villages over the next three years.

Club Med will also try to raise between FFr600m and FFr1.6bn by selling up to eight other villages while retaining management rights.

Mr Trigano also plans to modernise Club Med by relaunching the group for the mid-1990s. This will involve revitalising its marketing strategy and cutting prices by 15 per cent at selected villages. It will press ahead with expansion in Asia, although as a manager rather than an investor.

Club Med's shares yesterday fell by FFr14 to FFr321 in anticipation of the announcement, made after the closure of the Paris stock market.

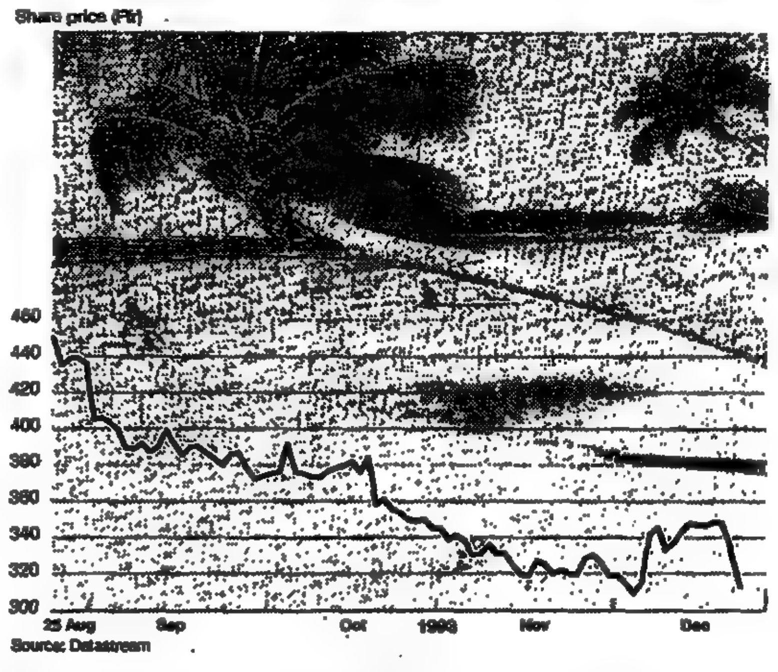
The group had warned that it would record a loss in the second half on publication of its interim results in September which showed it just managed to break even with a net profit of FFr2m in the first half.

However the full extent of the loss, which has not yet been fully audited, was worse than analysts expected.

Club Med saw sales fall by 1.9 per cent to FFr8.09bn in the year to October 31 from FFr8.25bn in the previous year. It suffered throughout the year by the squeeze on consumer spending in its three main markets: France, Germany and Italy. These operational difficulties were aggravated by closure of 14 of its 110 holiday villages in political trouble spots such as Egypt and Senegal.

The group made an exceptional charge of FFr60m (from total provisions of FFr90m) for political and legal risks in its 1992-93 accounts.

World stock markets, Back Page



GM to put £130m into UK car plant

By Kevin Done, Motor Industry Correspondent, in London

General Motors, the US carmaker, is to invest about £130m ($190m) during the next two years to modernise and automate its Vauxhall assembly plant at Luton in south-east England.

Vauxhall is planning to increase capacity at the plant, which produces the Vauxhall Cavalier-Opel Vectra large family car, by about 25 per cent by the end of 1995, when the present car is replaced.

GM has emerged as the most profitable carmaker in Europe during the recession, and the Luton plant is now its lowest-cost European assembly facility for the Vectra/Cavalier, ahead of plants at Antwerp in Belgium and Rüsselsheim in Germany.

In preparation for the introduction of the Cavalier/Vectra replacement in two years, GM is planning a marked increase in automation at the Luton plant.

It is investing heavily in equipment for body welding, and the number of robots at the plant will be increased from 34 to about 215. The amount of automated spot welding will jump from 20 per cent to 70 per cent of the total. GM is also installing a new trim and final assembly line. The investment in new plant and equipment, coupled with the improved design for manufacturing, is aimed at cutting the time needed to make each car by more than a third to about 17 hours by 1998.

Vauxhall is aiming to increase output capacity from about 48 to 60 cars an hour (about 215,000 a year) by the end of 1995, when it begins production of the new car. In 1992, Luton produced a record 170,600 cars. But production has since fallen by close to 30 per cent this year, to about 121,000, as exports have plunged in the face of the steep decline in demand in continental European car markets.

Exports in 1993 accounted for only 14.7 per cent of the plant's output compared with 41 per cent last year.

The Luton assembly plant has continued to make substantial productivity improvements, with the number of cars per employee rising from 19.2 in 1986 to 38.6 in 1992 and to a current potential of 40.5. The hourly-paid workforce has fallen by 7.9 per cent this year to 3,633.

The plant has been hit hard in 1993 and has worked at just 72 per cent of capacity.

Sara Webb explains moves to ease liquidity problems in London's money markets

Tackling the ghost of Black Wednesday

For months, London's sterling money market has been haunted by the ghost of Black Wednesday. But with the implementation of new procedures early next year, the Bank of England hopes to alleviate the liquidity and volatility problems which stemmed from the September 1992 sterling crisis.

When the Bank was forced to support sterling in the autumn of 1992 – in what later proved to be a futile attempt to keep the British currency within the European Exchange Rate Mechanism – the heavy intervention resulted in a large drain of liquidity from the money market.

The Bank introduced temporary measures to ease difficulties and ensure a steady flow of wholesale cash through the banking system. The biggest banks and building societies, as well as the gilt-edged marketmakers (Gemms), were allowed to borrow money from the Bank using UK government bonds (gilts) and other high quality paper as security.

This ad hoc "sale and repurchase" of gilts, known as a repo, took place directly between individual counterparties and the Bank. The measures were used to complement the Bank's normal money market operations in which the Bank accepts bills from the banks in return for lending wholesale cash.

Now, the Bank has decided to keep these repo facilities as a feature of its money market operations, with a fortnightly timetable.

Funds will be provided through the purchase and resale of government debt denominated in sterling and other currencies. In addition, the Bank is inviting all banks and building societies, as well as the Gemms, to act as counterparties. In the past, only the biggest banks and building societies were able to do so.

The proposed changes are outlined in a memo from the Bank which was sent to members of the British Bankers' Association at the weekend. Given the December 31 deadline for comments and the holiday mood, it would appear the Bank does not expect BBA members to object.

Privately, several money market participants have already welcomed the proposals, and there is now considerable speculation that further improvements to the financial markets could follow.

The main point is that the measures should help to reduce the liquidity shortage to a more manageable level while ensuring that short-term interest rates are less volatile. "The discount houses are very much in favour of this as it should pull more liquidity into the market and reduce the daily shortages," said Mr Robin Moser, chairman of the Discount Market Association and chief executive of Alexanders Discount. According to Mr Philip Shaw, an economist at Union Discount, "daily shortages of £1bn-plus have become the norm".

The moves should also help to reduce the volatility of short-term interest rates. The discount houses complain that a couple of the big clearing banks have a tendency to "manipulate" the overnight interest rate by hoarding bills. They maintain that overnight interest rates have oscillated between 4.5 per cent and as much as 20 per cent.

"The clearing banks have had effective control of the market, as they have been the biggest holders of bills," says one market participant.

According to Mr Shaw, "smaller banks often face unpredictable and prohibitive funding costs. The ensuing notion is that the UK money markets are increasingly becoming a closed club which does little to promote London's reputation as a financial centre."

With the proposed changes, the Bank should be able to keep closer control over short-term rates. To some extent, it depends how many people use the repo system. While the clearers are expected to remain the biggest players in the money market, in theory by distributing the liquidity provided by the Bank over a broader range of participants, their influence should be tempered.

"Overnight rates will never go up to extortionate levels again except at those times when the authorities deliberately push up short-term rates, for example to dampen speculation about a possible interest rate cut. This takes the violent swings out of the market," says Mr George Blunden, chairman of Union Discount.

The system is not the same as that used by the Bundesbank in its money market operations where the weekly repo is one of the most closely watched rates. It could be argued that the Bank could quite easily use its repo rate more frequently than twice a month, and harmonise operating procedures with other European central banks as the prospect of European Monetary Union draws closer. As yet, however, there are no signs that the Bank is considering doing so, and the discount houses believe the bill system will remain the significant day-to-day operation.

What the proposals have done, though, is to kindle hopes in some quarters of the City that the Bank will implement further changes to the financial markets.

Specifically, they ask: what is to stop the Bank from allowing the establishment of an open gilt repo system – whereby holders of gilts could lend out their stock directly to other parties in the market rather than only to the Bank – given that the proposed changes are being seen as a step in that direction?

One money market specialist points out that the new arrangements set the basic standards for an open repo system and should encourage familiarity among banks and building societies with the concept of "repo-ing" gilt holdings.

The Bank is considering an open gilt repo system, but it may be some way off.

Lasmo sells assets to PowerGen

By Robert Corzine and Michael Smith

Lasmo, the independent oil exploration and production company, yesterday bolstered its flagging balance sheet by selling a £123m package of offshore assets to PowerGen, the electricity generator.

The centrepiece of the deal is a 5 per cent stake in the Liverpool Bay gas field, which will supply PowerGen's planned power plant at Connah's Quay in Wales. Lasmo's interest in two North Sea gas fields, Ravenspurn and Johnston, are also in the package.

Liverpool Bay – which constitutes about a fifth of Lasmo's UK assets – is one of the most promising development projects in the group's portfolio, most of which is heavily geared to volatile oil prices. Mr Joe Darby, chief executive, said the company could have sold more of its stake. But it did not want to see its share in the project fall below 25 per cent.

Analysts believe Lasmo received similar terms for Liverpool Bay to those achieved by Monument Resources last month when it sold a 3.9 per cent stake in the project to PowerGen. Monument achieved a 25 per cent premium for the reserves on a dollars per barrel basis.

Without the sale, the company faced a rise in gearing from the present 70 per cent to 80-90 per cent at the end of 1994 – at current low oil prices.

Mr Simon Flowers, an analyst at Natwest Markets, estimated that the cash injection, which should come in April, would be supplemented by £58m in savings on Liverpool Bay capital costs over three years.

That means Lasmo's gearing at the end of 1994 could be contained to about 75 per cent, although it is likely to continue rising through 1995 because of development spending.

Additional asset sales, including the Markham gas field which straddles the UK and Dutch sectors of the North Sea, are still in the offing, according to Mr Darby.

Talks with Wintershall, the German gas company, are continuing, but the conflicting tax positions of the two companies are a complication.

Lex, Page 10;
Background, Page 16

Ferranti managers plan group buy-out

By Paul Taylor in London

A seven-man team of senior Ferranti International managers is preparing a bid for the bulk of Ferranti's operations. The bid will be put to the defence electronic group's administrative receivers.

The management team, led by Mr Phil Burton, Ferranti's director of marketing, is aiming to put together a consortium early in the new year and begin detailed financial negotiations in February.

"It has become clear to us that, shorn of well-known problems stemming from the ISC acquisition, the group has a bright future," Mr Burton said yesterday.

The initial proposals envisage the management group teaming up with UK or overseas strategic and financial partners to mount a bid for most of Ferranti's non-manufacturing operations.

It is understood that Ferranti's components business, which makes specialist hardware and sub-systems, would not be included in the bid. Ferranti's highly successful simulation and training business has also attracted considerable interest and may be sold separately.

The management consortium proposals were immediately welcomed by Mr Murdoch McKillop and Mr John Talbot, the two Arthur Andersen receivers appointed to the ailing group after GEC withdrew a 1p-a-share rescue bid at the start of December.

They said that while stabilising the Ferranti operations, "it has become increasingly clear to us, and the management teams we have been working with, that there are a number of potentially viable long term options for the future of those businesses".

The receivers added that they had been approached by a large number of UK and overseas groups that have expressed an interest in acquiring Ferranti businesses.

Explaining the move to form a consortium Mr Burton said a re-born Ferranti would have to be well capitalised and strong enough to compete in the international defence and civil markets. He said these factors put it beyond the reach of an ordinary management buy-out.

Therefore, he said, the management team, which is being advised by Mr Richard Stone of Coopers and Lybrand Corporate Finance, was proposing a consortium bid, "backed by long term players in these nationally important sectors".

Winterthur and UAP in link-up

By Ian Rodger in Zurich

Winterthur Insurance, Switzerland's third largest insurer, and UAP, the biggest French insurer, are setting up a joint venture company for credit insurance in France.

The venture, called Assurcredit, will take over the credit insurance business of Winterthur in that country which has annual premium income of about FFr80m ($13.60m).

UAP, which does not have a significant presence in the credit insurance sector, will bring capital to the venture and make its distribution channels available.

Mr Michel Clerckx, a Winterthur general manager, said the groups hoped to have the venture operating in April or May of next year.

Winterthur acquired a 3 per cent stake in UAP in December 1992 in exchange for its 37.4 per cent holding in Nordstern Allgemeine of Germany. Mr Peter Spälti, Winterthur chairman, said last June the group might raise this stake when UAP was privatised.

Mr Clerckx said yesterday that would be discussed when the privatisation plan was brought forward, probably in January or February.

He added that the two groups were discussing further co-operation, notably by extending their joint activities in breakdown assistance for motorists.

Cragnotti in food industry deal

By Haig Simonian in Milan

Mr Sergio Cragnotti, the controversial financier who last week was severely censured by the Ontario authorities for share trading misdemeanours, has bounced back with a complex food industry deal in his native Italy.

Shortly after being released from house arrest by Italian magistrates investigating alleged political corruption, Mr Cragnotti has sealed a multi-billion lire accord to join forces with a little-known agricultural co-operative.

Mr Cragnotti, a former executive of the troubled Ferruzzi group who set up his own investment bank, has become the white knight in a complex deal linked with Italy's privatisation programme.

Cragnotti & Partners Capital Investment, his banking group, is linking with the Fisvi farm co-operative from Apulia to create one of Italy's biggest milk and dairy products groups.

Mr Cragnotti has invested heavily in dairy products as part of a strategy to create a big foods business by accumulating small acquisitions. The latest deal involves pooling his two regional dairy products companies with part of the food interests of the former state-controlled SME group, bought by Fisvi earlier this year.

Fisvi entered the privatisation process after the IRI state holding company, which controlled SME, failed to find a buyer for the latter's Cirio, Bertolli, De Rica canned vegetables, edible oils and milk subsidiary.

While IRI quickly sold SME's Italgel frozen foods operation to Nestlé, it proved impossible to find a buyer willing to meet its tough conditions for CBD. After a second round of tenders, Fisvi emerged as the surprise candidate in September.

However, it had difficulty raising the acquisition price, in spite of having agreed to sell-on CBD's edible oil business to Unilever.

Cragnotti & Partners will now buy 10 per cent of Fisvi. The two will then set up a joint venture, 51 per cent controlled by Fisvi, in which the latter will pool its controlling stake in CBD and the bank will contribute its dairy products interests.

Go-ahead urged for Alusuisse bid

By Bernard Simon in Toronto

Lawson Mardon, the international packaging group, yesterday urged shareholders to accept a C$555m (US$420.4m) takeover offer by Alusuisse-Lonza Holding, the Swiss industrial group.

Alusuisse is to proceed with its C$14-per-share cash bid after a month-long examination of Lawson's operations and financial statements.

Lawson directors said the offer was 40 per cent above the highest price at which Lawson shares have traded this year. CS First Boston has provided an opinion that the offer is fair to Lawson's public shareholders. The offer expires on January 14.

Cragnotti and Partners, the Italian investment group controlled by Mr Sergio Cragnotti, earlier agreed to tender its 52 per cent stake.

Mr Cragnotti last week removed a cloud over Lawson by agreeing to a lifetime trading ban and a C$2.7m payment to settle allegations of securities law violations brought by the Ontario Securities Commission.

Although Lawson's head office is in Canada, about four-fifths of its revenues come from Europe, especially the UK.

Alusuisse, which has substantial packaging interests through its subsidiary A-L Packaging, has been attracted by Lawson's strong market share in the folding carton, flexible packaging and label markets.

A-L Packaging is a significant participant in flexible packaging, but its interests are centred on France and Germany.

It is keen to expand its product line and its geographic reach.

State likely to sell Elf in single package

By Alice Rawsthorn

The French government is likely early next year to privatise Elf Aquitaine, the state-controlled oil group, in a single issue, according to Mr Edmond Alphandéry, economy minister.

Mr Alphandéry said, in an interview with Le Monde newspaper, that the government would "most probably" sell its stake in Elf, which is France's largest company with a market capitalisation of over FFr100bn, "in one go". It had previously considered selling the shares in two tranches.

However, he stressed the government would wait until the last possible moment to decide how best to structure the sale and the timing of the issue would be determined by stock market conditions. "Elf is a pearl of French industry," he said. "But it's a big mouthful for the market to swallow."

Mr Alphandéry also confirmed that 10 per cent of Elf's shares will be allocated to *noyaux durs*, or "hard core" investors.

A number of companies have already been mooted as *noyaux durs* including Banque Nationale de Paris and the Union des Assurances de Paris insurance group, as well as Saudi Arabian and Kuwaiti interests.

The government plans to remain Elf's biggest single shareholder by retaining a 10 per cent to 15 per cent stake in the oil group.

The French state controls 50.79 per cent of Elf, which means the privatisation will involve the sale of a 35 per cent to 40 per cent stake valued at between FFr37.4bn ($6.36bn) and FFr42.7bn on yesterday's share price of FFr415.

The success of the Elf privatisation will be seen as an important indication of investors' response to the next phase of the French government's state asset sales.

This year's issues, notably the sales of BNP and the Rhône-Poulenc chemicals company, have been heavily over-subscribed.

Banesto puts off bond issue as ratings are cut

By Tom Burns in Madrid

Banesto, the troubled Spanish financial group which in February entered a capital raising and strategic advice agreement with the US bank J. P. Morgan, has shelved a $400m convertible bond issue planned before the end of the year.

The delay came as IBCA, the London-based rating agency, lowered its short and long-term ratings of Banesto, from A to A- and from A1 to A2 respectively.

The agency had lowered Banesto's long-term rating in June and its move yesterday followed similar downgrades by Standard & Poor's last week and by Moody's in August.

Adding a further controversial note to Banesto's fortunes, Ms Violy de Harper, who as managing director of J. P. Morgan's corporate advisory arm masterminded the agreement with J. P. Morgan's Corsair fund, has joined James D. Wolfensohn, the New York investment bank. She will remain an external co-adviser to Banesto.

Banesto was the first target of the $1.1bn Corsair fund, a portfolio set up by J. P. Morgan to invest in undervalued banks.

The bond issue was to be the third tranche in a programme that has already raised Pta94bn ($671m) through new issues which turned the Corsair fund into Banesto's biggest stockholder with 8.16 per cent of its equity. The issue was aimed at lifting Banesto's capital to the level of rival Spanish banks.

Banesto is run by Mr Mario Conde, who purchased shares worth Pta6.4bn in the rights issue, increasing his holding in the bank to 3.1 per cent.

Banesto and J. P. Morgan said yesterday the bonds would be issued next year after the Spanish bank's 1993 results had been fully audited.

This was the first official admission there had been problems over the issue's timing and it fuelled market rumours, staunchly denied by both Banesto and J. P. Morgan, that the delay had been prompted by a disagreement between the two banks which had led to Ms de Harper's departure from the US bank.

Wolfensohn said Ms de Harper was joining the firm as a member of its executive committee and would be the partner responsible for its Latin American and Iberian business.

Fokker set to cut prices by 30%

By Ronald van de Krol in Amsterdam

Fokker, the Dutch aircraft maker controlled by Deutsche Aerospace of Germany, plans a "drastic" reorganisation in 1994 that would lead to a return to profit in 1995.

Mr Erik Jan Nederkoorn, chairman, said in the company magazine the aim of the reorganisation was to cut the cost price of Fokker's aircraft by around 30 per cent over the next three years.

He said the world's airlines were demanding lower aircraft prices as part of their attempt to survive the fierce competition in international aviation. Mr Nederkoorn cited the US car industry as a sector which had successfully carried out an extensive reduction in production costs.

"It is unrealistic and very dangerous for the continued survival of the company to wait for the market to produce miracles," he said.

Fokker did not say how many jobs would be lost in the latest restructuring round, but details are expected to be released before the end of February.

The company recently reduced its workforce to around 10,000 people from more than 12,250 at the end of 1992. Dutch trade unions said they expected several hundred job losses at Fokker.

Earlier this year Fokker said its results were expected to swing into a net loss of Fl 150m ($79m) in 1993 from a net profit of Fl 120m in 1992, partly due to the one-off costs of laying off staff.

Mr Nederkoorn said that 1994 was expected to be a "difficult" year for Fokker.

Heineken to buy Swiss brewer stake

By Ronald van de Krol

Heineken, the Dutch brewery group, is to buy a 52.3 per cent stake in Brauerei Haldengut of Switzerland which controls the second-largest Swiss brewer, Calanda Haldengut.

The stake will be acquired from the Schöllhorn family and from Winterthur, the Swiss insurer.

Heineken declined to say how much it would pay for the shares.

Brauerei Haldengut's market capitalisation is SFr72.3m ($49.9m). The remaining 47.7 per cent of Brauerei Haldengut is listed on the Zurich stock exchange.

The Dutch brewery said it was still discussing the possibility that Calanda would brew Heineken beer in Switzerland.

Heineken has exported its flagship Heineken brand to Switzerland since 1980. Calanda, in which Heineken already owns a 10 per cent stake, distributes Heineken beer in the south and east of Switzerland.

Calanda, with annual turnover of around SFr245m, has 12.5 per cent of the Swiss beer market. Its two breweries in Chur and Winterthur have total production capacity of 600,000 hectolitres of beer per year.

The company is also involved in soft drinks and mineral water.

The transaction is expected to be completed in the first quarter of 1994.

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INTERNATIONAL COMPANIES AND FINANCE

Canadian and UK gas groups plan expansion

By Bernard Simon in Toronto

British Gas and Nova Corporation of Alberta, the Canadian petrochemicals and pipeline group, plan to expand their international gas services and processing interests through their joint majority stake in Natural Gas Clearinghouse (NGC), one of the biggest independent US gas marketers.

Nova this week agreed to buy a 36.5 per cent stake in NGC for C$170m (US$126m). British Gas has a similar interest in the Houston-based company. The remaining 27 per cent is owned by NGC management.

NGC is best known as a marketer of gas, which it buys from producers both on the spot market and under long-term contract.

However, it has become increasingly active in gathering gas from wellheads and transporting it to its own processing plants. It also provides services such as risk management and pipeline bookings for distributors.

Gathering and processing operations contribute one-third of NGC's income, but that is expected to rise to about 50 per cent next year. Pre-tax earnings were US$46m in 1992. The business has grown by about 30 per cent a year over the past seven years.

Mr Charles Watson, NGC's chief executive, said the company hopes to acquire a large slice of the US$3bn-$4bn of gas marketing and services assets which it expects to become available during the next three to five years. In addition to the US, NGC is seeking opportunities in Europe, Canada and Latin America. It is discussing a partnership with British Gas in the UK, and plans a similar joint venture with Nova in Canada.

Mr Terry Poole, a Nova senior vice-president, cited Argentina as another possible area of co-operation between the three companies. British Gas has an interest in a gas distribution system in Buenos Aires, while Nova has an equity stake in a pipeline.

TelecomAsia valued at over $10bn

By Victor Mallet in Bangkok

TelecomAsia, the Thai concession-holder for the installation of 2m new telephone lines in Bangkok, immediately became the largest capitalised company on the Stock Exchange of Thailand when its shares were publicly traded for the first time yesterday.

TA shares closed at Bt116, more than double the initial public offering price of Bt55, giving the company a market value of more than $10bn.

The company, a subsidiary of the multinational Charoen Pokphand (CP), Thailand's largest group of companies, is now regarded by most foreign stockbrokers in Bangkok as greatly over-priced.

With the contract to install telephone lines still in its early stages, the prospective price/earnings ratio for 1994 is 500 times, falling to about 20 times for 1997 and 1998.

"It reflects the market mania that has now gripped Bangkok. Unless the company has invented the secret of eternal life, nothing justifies a p/e multiple above 100," said one stockbroker yesterday.

Even TA's main asset – its contract to expand the Bangkok telephone system – is in danger of being undermined by the slow rate at which the state-owned Telephone Organisation of Thailand (TOT) connects new lines to subscribers.

TOT staff have long profited from the acute shortage of lines and they are reluctant to relinquish income from bribes, typically more than $1,000, paid for the installation of each new line. TA has sought to co-opt TOT workers by offering them cut-price TA stock worth up to two years' salary at TA's current share price.

Trading in TA was the focus of stock market activity in Bangkok yesterday. Turnover in the shares amounted to more than $170m.

Thai mutual funds are expected to want TA shares because the company now accounts for about one-tenth of the market's capitalisation and will be a significant factor in the movement of the SET index.

Foreign suppliers and their local partners regard the Thai market as rich in opportunities because the country has only three telephones per 100 inhabitants, compared with 10 in neighbouring Malaysia. Nynex of the US is CP's partner and holds 15 per cent of TA stock.

TA hopes to lift the value of its Bangkok contract by using fibre-optic lines for cable television as well as telephone calls, and is looking for opportunities to expand abroad.

The CP group, controlled by the ethnic Chinese Chearavanont family, is one of the largest foreign investors in China. TA intends to install hundreds of thousands of telephone lines in China's Hubei province and to join a Chinese satellite launching venture.

Profiting from new-found freedom

Thai telecoms sector is poised for rapid growth, writes Victor Mallet

Modesty does not come easily to those at the forefront of Thailand's fast-growing telecommunications sector.

"Normally, we grow at a rate of 60 per cent a year," says Mr Thaksin Shinawatra, the former police colonel who heads the Shinawatra telecommunications, broadcasting and computer group now valued at more than $4bn, in answer to a question about the group's prospects.

"That will continue in 1994 and 1995, but between 1995 and 1996 I think the growth will jump and probably reach 100 per cent."

After years of stifling control by the government and the armed forces, telecommunications networks in Thailand are starting to develop rapidly under the influence of young, private-sector companies that have won concessions to operate satellites and install millions of new telephone lines.

Thaicom-1, Thailand's first satellite, was launched last week by Arianespace from French Guiana and will be operated by Shinawatra Satellite. The Shinawatra subsidiary – soon to become the fourth Shinawatra company listed on the Stock Exchange of Thailand (SET) – will also operate a second satellite to be launched in August and possibly a third planned for 1996.

At least six other communications companies are being floated on the Thai stock exchange to help finance the expansion of telephone and broadcasting systems.

The first and biggest was TelecomAsia, the subsidiary of the multinational Charoen Pokphand group that is implementing a concession to install 3m new telephone lines in Bangkok; Nynex of the US holds 15 per cent of TelecomAsia.

Expansion of the telephone network is long overdue, and even the projects now being implemented to install an additional 3m lines nationwide are unlikely to meet pent-up demand.

Samart Satcom, which makes satellite dishes, is expected to begin trading today. Next in line are United Communication Industry (Ucom), the mobile phone operator whose parent company is 25 per cent owned by Motorola of the US, and Loxley, whose affiliate Thai Telephone and Telecommunication has a concession to install and operate 1m telephone lines in the provinces.

"The telecoms sector used to account for 5 per cent of the Thai market," says Mr David Gambrill, research manager with Peregrine Brokerage in Bangkok. "By the middle of next year it will be 18 per cent."

Foreign fund managers are likely to have problems adjusting their portfolios to take account of the increasing weight of the telecommunications sector in the SET index.

This is partly because only limited amounts of stock are available to foreigners; only 10 per cent of TelecomAsia, for example, is being sold to the public, and only half of that is allocated to foreign buyers.

Price/earnings ratios for some of the newly-floated companies are also likely to be very high, especially in the early years of implementing concessions when costs are substantial and revenues low.

Even the large projects now under way are unlikely to meet pent-up demand

Investors will watch closely to see how much value can be added to such companies by the use of new technology and by overseas expansion.

TelecomAsia, for instance, plans to use the fibre-optic cables it is installing in Bangkok for cable television services as well as for telephone calls, while Mr Thaksin says he can squeeze more value out of his satellites by using digital compression technology to push as many as eight television channels on to one satellite transponder.

Thai telecommunications companies rely heavily on foreign hardware suppliers, advisers and partners, and there are doubts about how well they can perform outside their home market, where they tend to benefit from their political connections.

But that has not stopped them from seeking to expand beyond Thailand's borders. TelecomAsia, having already raised the money it needs for the 2m new lines in Bangkok, intends to use some of the proceeds of the public flotation for foreign expansion, including a satellite launch venture for China and the installation of new telephone lines in China and Vietnam.

Shinawatra already has broadcasting and telecommunications contracts in Laos, Cambodia and the Philippines, and Mr Thaksin is also looking at China, Vietnam and Burma.

Thailand alone should keep them busy enough. "There are now half a dozen of these telecommunications companies coming to the market," says Mr Paul Ngo, an investment analyst at H.G. Asia in Bangkok. "It should be an exciting year in 1994."

Berjaya wins contract for Philippines lottery

By Kieran Cooke in Kuala Lumpur

Berjaya, the fast-expanding Malaysian conglomerate controlled by Chinese-Malaysian businessman Mr Vincent Tan, has won a contract to set up and operate a lottery system in the Philippines.

Under the terms of the contract Berjaya will install and operate 2,000 lottery terminals in Luzon province and Manila. Berjaya already runs the highly profitable sports toto lottery in Malaysia and is undertaking four lottery projects in China.

Berjaya has grown into one of Malaysia's biggest companies and Mr Tan has a reputation as one of the country's foremost dealmakers.

While hotels, leisure and lotteries form the base of Berjaya's activities, the company is also involved in light manufacturing and timber and recently signed an agreement with the Hyundai company of Korea to make trucks in Malaysia.

Earlier this year Berjaya teamed up with the UK's North West Water group in a M$6.27bn (US$2.43bn) project to build, upgrade and operate Malaysia's national sewerage system.

Finance group surges ahead

Rising stock markets in both Kuala Lumpur and Singapore helped Rashid Hussain, one of Malaysia's foremost financial services groups, to post pre-tax profits of M$131m (US$51m) for the six months to November 30 1993, writes Kieran Cooke.

The figure represents a rise of more than 200 per cent on the equivalent period last year. Kuala Lumpur's stock market has risen 76 per cent this year while the Singapore market has risen by more than 50 per cent.

Rashid Hussain's turnover in the six-month period rose more than 200 per cent to M$196.6m.

Treasuries ignore revised growth outlook

By Frank McGurty in New York and Sara Webb in London

US Treasury bonds were firmer yesterday morning as the market shrugged off an upward revision in the government's estimate of US economic growth in the third quarter.

By midday, the benchmark 30-year government bond was $\frac{5}{32}$ higher at $99\frac{11}{32}$, with the yield slipping to 6.294 per cent. At the short end, the two-year note was unchanged at $99\frac{31}{32}$, to yield 4.25 per cent.

In the absence of any significant new readings on inflation, the market remained in its pre-holiday torpor. It reacted with apathy when the commerce department revised its figure for third-quarter gross domestic product, to a seasonally-adjusted annual growth rate of 2.9 per cent from earlier an estimate of 2.7 per cent.

Traders were unmoved because the market was looking ahead to the first quarter, rather than behind at the third. Data to be released early

GOVERNMENT BONDS

in today's shortened session – including November figures on durable goods orders and personal income and consumption – should prove more useful.

Before then, the market was facing the Treasury's monthly five-year auction. The afternoon sale of $11bn in notes was expected to be a tougher test than Tuesday's surprisingly well-received two-year auction.

■ Canadian government bonds rallied strongly as the appointment of a new central bank governor dispelled jitters about future monetary policy.

Rumours swept the market early that Mr John Crow planned to resign from his position as governor of the central bank, leading to an initial decline in bond prices.

However, the actual announcement of Mr Crow's resignation, and the appointment of an internal candidate – Mr Gordon Thiessen, the senior deputy governor – to the top position cheered the market, which expects to see the central bank stick to its low-inflation policy.

Bond prices climbed across the range of maturities.

■ The release of better-than-expected inflation figures helped German government bond prices to nudge up in thin trading.

The state of Hesse reported a 0.1 per cent rise in the month to mid-December, giving a year-on-year increase of 3.7 per cent, against a 3.8 per cent rise in November.

Hesse is the second of the big four western German states to release its December CPI figures. Bavaria's annual inflation rate, released on Tuesday, was unchanged from November at 3.4 per cent.

The bund futures contract traded in a narrow range of 100.71-100.80 on a volume of about 13,000 contracts.

■ Italy and Spain, Europe's high-yielding bond markets, both saw new buying interest from foreign investors, gaining nearly half a point.

Dealers said expectations of an imminent interest rate cut propelled the Italian government market, with progress on the approval of the 1994 budget and the release of good inflation figures this week contributing to the buoyant mood.

■ UK government bonds ended the day little changed, as the gilt market wound down for the Christmas holiday.

US recalls a bumper year in corporate fundraising

Companies enjoyed low interest rates and high equity prices, writes Richard Waters

The US capital markets may not see anything like it again for many years. Driven by the lowest long-term interest rates for a quarter of a century, and equity dividend yields at the bottom of their historical range, US companies have engaged in an orgy of capital-raising and refinancing over the past 12 months.

Although the US capital markets are likely to remain busy for the first quarter – and perhaps the first half – of next year, few expect 1994 to match 1993.

Two forces have driven the surge in bond and equity issues this year. First, low long-term interest rates have prompted a wave of debt refinancing. This has been true both for investment grade and, even more notably, junk-rated issuers, many of whom have refinanced paper issued during the last junk bond boom of the late 1980s.

Second, high equity prices have made it possible for a wide range of companies to issue shares, hastening the process of de-gearing under way since the start of the 1990s. Unless bond yields go much lower, both of these forces will be less in evidence next year.

Given the favourable conditions in the capital markets, it is not surprising that bank lending has remained depressed. Total syndicated bank loans so far this year amount to $340bn, some $20bn less than last year, according to Loan Pricing Corporation in New York.

This decline looks all the more marked given the sharp improvement in the financial health of the US's commercial banks. A moderate price war in bank lending has resulted – though it has not been on a par with the 1990s, when lending margins collapsed in the face of fierce competition. A typical single-A rated company could now borrow at 40 basis points over Libor, down from 50 basis points at the start of the year, says Loan Pricing. Also, covenants have been relaxed for some better credits.

This amounts to a slight thaw, rather than an outright deluge. One sign that the banks are holding out against pressure to give in to borrowers was the resistance encountered by IBM last month when it tried to push down the fees on a $10bn financing. It was the second-biggest corporate financing ever arranged (General Motors had pulled off the largest earlier in the year). The company had to sweeten the fees offered on the deal after some banks balked at underwriting the transaction – though in general syndication later, it proved a big success.

Two things could increase the demand for bank finance, though neither seems likely at this stage. First, if the Federal Reserve chooses to give interest rates a sharp push upwards, rather than adopting the gentle and gradual tightening which is widely expected, the capital markets could quickly become a hostile place.

The second factor which would change the complexion of the US capital markets is a change in US corporations' need for capital. If the US economy continues to grow at the pace of the last quarter of this year, rather than slackening off, many companies are likely to build their inventory levels.

Towards the end of the year, if the growth continues at a fast pace, there could also be demand for capital from companies looking to build new capacity. Banks have been natural providers of both these forms of financing in the past. Few banks, though, are expecting much of an upturn in demand for a while.

Wall Street, meanwhile, is looking overseas for a continuation of the capital markets boom. With interest rates and bond yields falling internationally, the financing pattern that has characterised the US could be repeated elsewhere.

"They're a couple of years behind in that cycle," says Mr David Komansky, executive vice president in charge of capital markets at Merrill Lynch. Most US investment banks, he says, have been building their capacity overseas to take advantage of the coming boom in international capital markets.

If this is right, the next stage of the capital markets boom will be felt around the world, not just in the US.

US CORPORATE BOND ISSUES ($bn)

	Investment grade	Sub-investment grade	Total
1991	146.1	10.0	156.1
1992	183.7	38.2	221.9
1993*	222.6	53.2	275.8

* To December 16. Source: Securities Data

HK railways in $1bn debt programme

By Louise Lucas in Hong Kong

Hong Kong's Mass Transit Railway Corporation (MTRC) has arranged a US$1bn debt issuance programme, less than a week after having its credit rating cut.

Last Friday, Moody's cut the MTRC's rating for Hong Kong dollar-denominated debt to A1 from Aa2. The move comes with concerns for political stability in China and the possible impact on the colony. Moody's saw vulnerability in the Hong Kong/US dollar peg.

Debt issued under the new programme, signed yesterday, can be denominated in any currency, subject to agreement with MTRC, with a maturity of between one month and 30 years. It may take the form of fixed, zero-coupon or floating-rate notes.

The programme replaces a HK$3bn medium-term note programme set up in 1988 and which has now matured.

Focus on Italy's new year offering

By Antonia Sharpe

New issue activity was concentrated in the Euroyen sector yesterday as the rest of the Eurobond market wound down for the Christmas break.

INTERNATIONAL BONDS

As a result, syndicate managers with time on their hands pondered the likely terms of the Republic of Italy's forthcoming Y300bn offering, which is expected to be the first big deal of 1994.

The current yield on Italy's outstanding 10-year Euroyen bonds, of 23 basis points over yen Libor, provided the basis for the price talk in the market. Some syndicate managers reported that price talk on a five-year maturity centred around 30 basis points over yen Libor.

However, talk on a 10-year maturity was much more varied, ranging from yen Libor plus 25 basis points to yen Libor plus 70 basis points. "With no guidance from the joint leads or from Italy, the market is taking numbers out of the sky," said one syndicate manager.

Most of yesterday's Euroyen offerings were the so-called "high-premium, high-coupon" bonds which have become fashionable in recent weeks.

Nikko, which has arranged most of these deals, said the issues were tailored to satisfy demand from Japanese investment trusts wanting to shift away from fixed-rate to floating-rate instruments.

However, other syndicate managers noted that the inherent capital loss on the bonds also appealed to investors looking for ways to reduce their capital gains tax bill.

● Standard & Poor's, the international rating agency, has placed its ratings of Société Centrale Union des Assurances de Paris (Scuap) and its related entities on CreditWatch with negative implications. This follows the French government's confirmation that Scuap is likely to be privatised in the first half of 1994.

Scuap has a commercial paper rating of A-1 plus, and a claims-paying ability rating of triple-A.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Urban Mortgage Bk.of Sweden‡	60	(a)	99.976R	Sep.1995	0.125R	-	Salomon Brothers Intl.
YEN							
SBAB‡	30bn	(b)	107.16R	Jan.1999	0.26R	-	Merrill Lynch Intl.
Japan Airlines Co.‡	30bn	(c)	104.305	Jan.1998	undisc.	-	Nikko Europe
Eurofima‡	25bn	(d)	107.92R	Jan.2001	undisc.	-	Nikko Europe
Mitsubishi Electric Corp.(e)	20bn	3.20	101.775	Apr.2000	1.875	-	Mitsubishi Finance Intl.
European Coal & Steel Comm.‡	11.2bn	(f)	106.60R	Jan.2001	undisc.	-	Mitsubishi/Nikko Europe
Mitsui Toatsu Chemicals(g)	10bn	3.50	100.25R	Jan.2001	0.26R	-	Sakura Finance Intl.
Hankyu Dept. Stores(e)	10bn	3.00	100.36R	Apr.1999	0.36R	-	Sanwa International
Swedish Export Kredit‡	10bn	(h)	106.09R	Jan.1999	0.30R	-	IBJ International
ITALIAN LIRE							
Kommunekredit	160bn	8.00	101.75	Jan.2004	2.00	-	Banca di Roma

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ‡Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level. a) Coupon: 3-month Libor +0.2%. b) Coupon: 3-month Libor +1.6%. c) Coupon: 12-month Libor +0.6%. d) Coupon: 6-month Libor +0.75%. e) Short 1st coupon. f) Coupon: 6-month Libor +0.8%. g) Short 1st and 2nd coupons. h) Coupon: 1.5 x 3-month Libor.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	10/02	122.3200	+0.020	6.62	6.79	6.80
Belgium		9.000	03/03	116.9400	+0.190	6.50	6.62	6.92
Canada *		7.500	12/03	106.0000	+0.500	6.66	6.62	6.95
Denmark		8.000	06/03	112.3700	-	6.22	6.22	6.45
France	BTAN	8.500	05/98	109.8400	-	5.09	6.06	6.08
	OAT	6.750	10/03	107.5600	-0.010	5.72	5.84	6.07
Germany		6.000	09/03	102.4700	+0.020	5.66	5.75	5.88
Italy		9.000	10/03	103.6700	+0.360	8.44†	8.70	9.29
Japan	No 119	4.800	06/99	111.4910	+0.430	2.43	2.46	2.94
	No 157	4.500	06/03	110.6570	+0.560	3.05	3.13	3.55
Netherlands		6.500	04/03	105.9600	+0.100	5.65	5.71	5.85
Spain		10.500	10/03	115.5600	+0.500	8.13	8.34	8.62
UK Gilts		9.750	01/98	114-12	-2/32	5.69	5.63	6.13
		8.000	06/03	112-16	+1/32	6.23	6.29	6.73
		9.000	10/08	123-12	-1/32	6.52	6.55	7.05
US Treasury *		5.750	08/03	99-17	+9/32	5.81	5.78	5.79
		6.250	08/23	99-11	+21/32	6.30	6.27	6.30
ECU (French Govt)		6.000	04/03	113.4600	-0.160	6.06	6.15	6.44

London closing, *New York mid-day. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	126.00	125.94	-0.02	126.00	125.86	8,206	42,806
Mar	130.16	130.14	-0.02	130.20	130.06	65,034	126,330
Jun	129.62	129.68	-0.04	129.82	129.54	1,192	3,279

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

[illegible]	[illegible]

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

[illegible]	[illegible]

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

[illegible]	[illegible]

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

[illegible]	[illegible]

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	117.95	118.35	+0.45	118.43	117.95	11210	80485
Jun	118.00	118.26	+0.45	118.00	117.90	4	161

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
11800	1.94	2.97	1.58	2.71
11850	1.65	2.72	1.82	2.96
11900	1.44	2.49	2.08	3.23

Est. vol. total, Calls 350 Puts 270. Previous day's open int., Calls 36594 Puts 37330

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	104.78	105.15	+0.45	105.16	104.76	14,423	73,513
Jun	105.05	105.03	+0.33	105.05	105.03	70	7,472

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	120-05	120-00	-0-01	120-11	120-05	331	4701
Mar	119-12	119-07	-0-01	119-19	119-03	18634	102751
Jun		118-15	-0-01			0	69

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

[illegible]	[illegible]

Ecu

■ ECU BOND FUTURES (MATIF)

[illegible]	[illegible]

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

[illegible]	[illegible]

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

[illegible]	[illegible]

* LIFFE contracts traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price indices UK Gilts	Wed Dec 22	Day's change %	Tue Dec 21	Accrued interest	xd adj. ytd		Low coupon yield Dec 22	Dec 21	Yr. ago	Medium coupon yield Dec 22	Dec 21	Yr. ago	High coupon yield Dec 22	Dec 21	Yr. ago
1 Up to 5 years (25)	129.62	-0.02	129.85	1.73	11.35	5 yrs	5.66	5.64	7.18	5.88	5.86	7.61	5.96	5.94	7.74
2 5-15 years (22)	162.45	-0.07	162.55	1.82	12.85	15 yrs	6.38	6.37	8.19	6.51	6.50	8.61	6.71	6.69	8.90
3 Over 15 years (8)	190.00	-0.06	190.16	2.81	11.38	20 yrs	6.49	6.47	8.45	6.55	6.54	8.80	6.72	6.71	8.96
4 Irredeemables (6)	227.08	-0.16	227.45	1.87	13.71	Irred.†	6.62	6.61	8.87						
5 All stocks (61)	157.27	-0.06	157.36	2.01	12.24										

Index-linked							Inflation 5% Dec 22	Dec 21	Yr. ago	Inflation 10% Dec 22	Dec 21	Yr. ago
6 Up to 5 years (2)	191.90	-0.08	192.05	1.11	4.28	Up to 5 yrs	1.96	1.93	2.52	1.06	1.05	1.67
7 Over 5 years (11)	191.67	+0.06	191.56	0.59	5.24	Over 5 yrs	2.93	2.93	3.57	2.74	2.75	3.56
8 All stocks (13)	190.76	+0.04	190.66	0.64	5.12							

Debentures and Loans						5 year yield Dec 22	Dec 21	Yr. ago	15 year yield Dec 22	Dec 21	Yr. ago	25 year yield Dec 22	Dec 21	Yr. ago
9 Debs & Loans (65)	151.76	—	151.76	2.09	11.16	7.20	7.20	8.96	7.54	7.53	9.86	7.67	7.67	10.04

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Dec 22	Dec 21	Dec 20	Dec 17	Dec 16	Yr ago	High*	Low*
Govt. Secs. (UK)	106.85	106.96	107.16	107.16	106.97	94.06	107.16	93.26
Fixed Interest	131.14	131.18	131.15	130.96	130.49	109.26	131.18	108.67

* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed interest high since compilation: 131.18 (21/12/93), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Dec 21	Dec 20	Dec 17	Dec 16	Dec 15
Gilt Edged bargains	93.1	102.4	83.0	96.1	118.7
5-day average	98.5	98.4	94.7	98.2	100.6

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:05 pm on December 22

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	100⅝	100⅞		6.46
Alberta Province 9⅜ 95	600	106⅜	106¾		4.62
Austria 8½ 00	400	113⅝	114		5.75
Bank of Tokyo 8⅜ 96	100	107⅜	108	+⅛	4.65
Belgium 9⅝ 98	250	116⅛	116⅝	+⅛	5.61
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
United Kingdom 7¼ 97	5500	105¾	107	+⅛	5.14
Volkswagen Intl Fin 7 03	1000	103⅛	103⅝	+⅛	6.64
World Bank 0 15	2000	27⅝	28	-⅛	6.02
World Bank 5¾ 98	300	102¼	102¾	+⅛	4.65
World Bank 8¾ 00	1200	117⅛	117⅝	-⅛	5.42
SWISS FRANC STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OTHER STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DEUTSCHE MARK STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Alliance Leics 11½ 97 £	100	115⅞	116¼	-⅛	6.02
British Gas 12¼ 95 £	300	108¼	108⅝	+⅛	5.09
British Land 12½ 16 £	150	141⅜	142¼	-⅛	8.52
EIB 10 97 £	637	111⅜	112¼	-⅛	5.72
Halifax 10⅜ 97 £	100	112⅞	113¼		5.83
Hanson 10⅜ 97 £	500	113¼	113⅝	-⅛	6.35
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FLOATING RATE NOTES					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CONVERTIBLE BONDS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated.

UK GILTS PRICES

[illegible]	[illegible]

Other Fixed Interest

[illegible]	[illegible]

■ "Tap" stock. ££ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

هكذا من الأهل

Sale is part of company's realignment of activities in China

P&O in £117m HK disposal

By Louise Lucas in Hong Kong

Peninsular and Oriental Steam Navigation has sold a 9.47 per cent shareholding in Modern Terminals for about HK$1.35bn (£117.4m).

The shares, bought for £8.4m, have a current book value of £74m. P&O maintains a 5 per cent stake in MTL, the six-berth facility at Hong Kong's Kwai Chung Container Terminal where P&O is an important user.

The disposal is in line with P&O's policy of trimming its interest in operations it does not manage.

The sale comes a month after P&O announced its first large commitment in China since 1949 – the acquisition of a 25 per cent stake in the HK$615m Shekou Container Terminal – as part of a series of deals involving £500m in the region.


Lydia van der Meer
Lord Sterling: listings on two Chinese exchanges inevitable

Lord Sterling, chairman of P&O, said the group's commitment to China made listings on the mainland's two stock exchanges, in Shanghai and Shenzhen, inevitable.

P&O obtained a secondary listing on the Hong Kong stock exchange in September 1991.

Within a fortnight of the signing of the Shekou terminal deal, P&O bought into Zhangjiagang-Win Container Terminals, near Shanghai, which involved the investment of an undisclosed sum into Win Hanverky Investments, which holds 51 per cent of the terminal.

Lord Sterling said this project was another step in the company's plans to develop in transport related activities in the Pearl River Delta, the Yangtze River Corridor and north-east China.

The Shekou facility began operation in August 1991 and has an expected throughput of between 80,000 and 100,000 20-foot equivalent units for this year.

P&O takes up management of the terminal from the beginning of next year.

NEWS DIGEST

Phoenix Timber cuts deficit

Losses at Phoenix Timber, the flooring group, were trimmed from £583,000 to £525,000 pre-tax for the half year ended September 30.

Turnover of £9.57m compared with £10.5m. Interest payable accounted for £262,000 (£309,000) and losses per share worked through at 3.6p (4p).

Directors said the refinancing programme has been successfully completed and banking facilities newly agreed.

API sells heating offshoot for £1.5m

API Group, the packaging, coatings and office products company, has sold Diffusion Environmental Systems, its heating and ventilating business, to Benson Group, for £1.5m cash.

Surrey-based Diffusion will be integrated into Benson's environmental control division where it will complement the existing businesses of Energy Technique and Benson Heating.

Diffusion's turnover was £3.93m in the year to October 2 and its after-tax profit came to £116,000.

Rossmont raises £1.6m in placing

Rossmont is coming to the market through the placing of 16.5m shares at 10p to raise about £1.6m, of which £870,000 is being raised by existing investors.

The cash raising will enable the repayment of £555,000 of loan stock. Net proceeds are expected to be £445,000.

Rossmont is the holding company for Santric, which supplies washroom and hygiene equipment. In the year to June 30, Santric's pre-tax profits were £300,888 (£234,176) on turnover of £2.17m (£2.06m).

TR High Income set to maintain dividend

TR High Income Trust has declared a fourth interim dividend of 1.5p for the year to December 31 1993, making 4.5p to date.

The company said it intended to maintain the full payment for the year at 6p.

The board added that from 1994 there would be four quarterly payments in July, October, January and April, in place of the present five.

Courtaulds sells coatings business

Courtaulds, the international chemical company, has disposed of its east London-based general industrial coatings business to Croda Polymers International.

The sale comprises the goodwill and technology of the business for £2.7m, plus the value of the finished goods stock – no fixed assets are involved. Turnover in the year to March 31 1993 was £6m.

Filofax makes £3m acquisition

Filofax Group, the USM-quoted personal organiser company, has acquired Drakes Office Systems from its founder, Mr Tom Drake, for £3m, to be satisfied by cash and the issue of 1m ordinary 5p shares.

Drakes claims to be the UK market leader in Wire-O bound carbonless duplicate message books. Its Ring Back brand forms a range of telephone message and similar business forms with a dominant market share.

In 1993, Drakes made gross profits of £727,000 on sales of £1.7m.

EuroLeisure restructure

Shareholders of European Leisure, the debt-laden snooker hall and discotheque operator, have approved all the resolutions regarding the financial restructuring announced in November.

The proposals remain conditional on agreement being reached with holders of the convertible unsecured loan stock.

EuroLeisure also revealed that valid acceptances had been received in respect of about 60.8m new ordinary shares under the recent open offer of 175m new shares at 1p apiece.

William Jacks passes pref dividend

William Jacks has informed holders of its 42,000 3.5 per cent cumulative preference shares that it is unable to pay the dividend due on December 31 1993.

The motor dealer said there were insufficient distributable reserves available.

ICI to invest £9m in Bangkok paint plant

By Paul Abrahams

Imperial Chemical Industries, the UK's largest chemical group, yesterday announced it was investing £9m on a paint plant in Bangkok, Thailand, as part of its Asian expansion policy.

The company simultaneously announced that its new paint plants in Malaysia and China would be fully operational during the first half of next year.

Mr Herman Scopes, chief executive of ICI Paints, said: "The expansion of our Thai facility is part of a long-term strategy aimed at seizing the exciting opportunities for sales of surface coatings in the expanding economies of the Pacific Basin."

The new plant will add 50 per cent to the group's paint capacity in Thailand, where ICI paint sales have doubled over the last five years.

The facility, designed to manufacture solvent-borne decorative paints, will be operational in three years. ICI already owns a 67 per cent stake in a plant at Bangkok. The remainder is owned by the East Asiatic Company of Denmark.

The Asian-Pacific region – including Australia which is an important market for ICI Paints – represented about 22 per cent of the division's £1.58bn turnover last year.

Demand for paints and varnishes in the Asia-Pacific region was about 4.56m tonnes last year, three times more than in 1970.

It is is expected to reach 6m tonnes by 1997 and could approach 8m tonnes by 2002, according to the European Polymers Paint Colour Journal.

Smith New Court, the broker, expects the paints division to generate sales this year of £1.71bn, largely as a result of growth in Asia and the North American market.

The division, which represented about 20 per cent of group turnover last year, is expected to generate trading profits of about £107m, compared with £115m last year.

Ascot sells Belhaven to management for £31.5m

By Maggie Urry and Philip Rawstorne

Ascot Holdings, the former Control Securities which finalised a debt refinancing in June, yesterday agreed disposals which will cut debt by £50m.

The company's shares rose ¼p to 5½p.

At the half year end on September 30 the property and hotel group's net debt stood at £197.5m and it had negative net worth of £18.6m.

It has tied up the long-expected sale of Belhaven, Scotland's oldest independent brewery which has a 61 pub estate, to a venture capital backed management team for a total of £31.5m. The consideration compares with net asset value of £16.4m.

It has also agreed the sale for £24.4m cash of Heywood Business Park, a freehold warehouse distribution estate of 1.4m sq ft eight miles north of Manchester.

The sale price was just above book value of £23.8m; the annual rental income is currently £2.4m. The purchaser is Burford Holdings, the property group which has been actively investing in property this year.

The Belhaven deal will cut Ascot's net debt by £25.5m, made up of £17.7m in cash, £2.8m in preference shares and £8m of free trade finance which the buyer will assume. However, Ascot will provide £3m of mezzanine debt, paying interest at 10 per cent.

Ascot will purchase a 15 per cent stake in the buy-out company, Belhaven Holdings, for £15,000 and has warrants to buy a further 10 per cent stake for £10,000.

Mr John Kerslake, Ascot's finance director, said he was pleased to retain an equity stake in Belhaven. "We believe in the business but we had to sell it", he said, because of Ascot's high level of debt.

Mr Stuart Ross, the managing director who led the BHL buy-out, said: "We believe the Belhaven brand can go a lot further".

The Dunbar-based brewery, founded in 1719, produces 50,000 barrels of beer a year, including Belhaven Best and 80/- cask conditioned ales.

The management is believed to have about a 50 per cent equity stake in BHL. The buy-out raised a total of £36m which includes some funds for investment in the pub estate. It was backed by CVC Capital Partners, part of Citicorp Ventures, with senior debt arranged by the Bank of Scotland.

Mr Nazmu Virani, former chairman of Control Securities, first took an interest in Belhaven in 1983 and became chairman of the company in 1984. He sold his stake and resigned the chairmanship in 1986, but came back with the purchase by Control Securities of the brewery and pubs, completed early in 1988 for £18m.

Mr Virani's arrest in connection with the BCCI collapse precipitated his departure from Control Securities in March 1992 and refinancing talks with the group's bankers.

Restructured Symonds halves loss to £126,000

Improved profit margins and cost reductions arising from restructuring helped Symonds Engineering, the Cheshunt-based precision engineer, to halve pre-tax losses from £256,000 to £126,000 in the six months to September 30.

Turnover fell from £2.31m to £2.09m as a result of reducing the number of low margin contracts.

Losses per share were down from 1.93p to 1.27p.

Mr Rod Ackrill, chairman, said he was confident the company would shortly return to profitability.

Since March, the workforce had been reduced by about 25 per cent to 156. Improved systems and procedures had been introduced by appointing a financial controller, together with a sales manager to expand the existing business customer base.

There is no interim dividend – last year's distribution was 0.15p but no final was paid.

BAA chief exercises share options

By Tim Burt

Sir John Egan, chief executive of BAA, yesterday exercised options on 261,500 ordinary shares in the airports operator.

The company told the Stock Exchange that Sir John, whose remuneration last year totalled £768,000, had paid 384p each for the shares under the BAA senior employee share option scheme for a total of £1,004,160.

He subsequently sold 99,368 shares at £10.16 per share for a total of £1,009,579.

The former chairman of Jaguar, who took over at BAA in 1991, still retains 167,946 ordinary shares in the company and options on a further 84,290.

Shares in the company – which operates Heathrow, Gatwick and Stansted airports – rose 11p yesterday to close at £10.24.

Bromsgrove sale

Bromsgrove Industries, the Birmingham-based specialist engineer, has sold its James Naylor offshoot to an unnamed buyer for £5.4m cash.

Naylor is a manufacturer of plastic and foam products for florists.

Correction: Aitken Hume

The issue of December 1 described Mr Lee Ming Tee as chairman of Allied Group. He resigned on September 30. The fact that, as the article stated, Mr Brian O'Connor, his successor, was named in a report from the Financial Secretary of Hong Kong should not be read as suggesting that he was criticised in it. We apologise for any suggestion to the contrary.

KB keeps top jobs internal

By John Gapper, Banking Editor

Kleinwort Benson, the investment bank, has abandoned its attempt to recruit a new chief executive from outside the bank, and will instead split the responsibility between three senior executives.

Kleinwort has appointed two investment banking chief executives to complement its investment management chief executive. It has been looking for a new chief executive to succeed Mr Jonathan Agnew, who left the bank in August.

There has been speculation that Kleinwort found it hard to attract an executive from another investment bank. But Lord Rockley, the executive chairman, who succeeded Mr David Peake in May, said he had not offered the job to anyone, and had decided it was unnecessary.

"We talked to a lot of people, but we did not get down to a short list. Over the months, I have been confirmed in my view of the strength of what we had internally."

Sir Nicholas Redmayne and Mr David Clementi have been appointed as joint chief executives of investment banking, which includes financing and corporate advisory services, equity securities and treasury operations.

The two men will report jointly to Lord Rockley and Mr Simon Robertson, the deputy chairman. Mr Colin Maltby, the current chief executive of Kleinwort Benson Investment Management, will continue to report directly to them.

Lord Rockley said it was "always going to be difficult" to introduce a new chief executive from outside, and he had been searching at a time when the existing management had shown itself capable of generating much new business.

He said that 75 per cent of management decisions had been taken by executives in charge of investment management and investment banking during this year, and they had proved themselves able to deal with day-to-day issues.

The bank reported doubled interim profits for the six months to June 30 of £42.2m. However, the lack of a chief executive for several months has led to some uncertainty over its future direction.

The shares rose 30p yesterday to close at 591p.

ERF cuts loss to £0.48m but shares fall

By Kevin Done, Motor Industry Correspondent

ERF, the last remaining publicly-quoted UK truck maker, cut its pre-tax deficit substantially in the six months to the end of September 1993, from £2.7m to £479,000.

The loss last time was struck after exceptional charges of £945,000.

The shares closed 19p down at 295p.

The company has been in loss for the last three-and-a-half years during the deep recession in the UK commercial vehicle industry, but is expected to return to profit in the second half of the year, helped by the growing recovery in heavy truck demand.

Group turnover rose by 22 per cent, from £54.6m to £66.9m.

Mr Peter Foden, chairman and chief executive, said that the UK heavy truck market had increased by 24 per cent during 1993, but there was continuing heavy pressure on margins due to stiff competition from European manufacturers.

The UK is one of the few markets in Europe where truck sales have grown this year, and European truck makers have concentrated intense marketing efforts on the UK market.

Mr Foden said that the deepening recession in Europe and in many parts of the world had affected the group's export business and sales into the Spanish and French markets had been difficult.

Prospects for 1994 for ERF were "more encouraging", he said, and the company was continuing to lower its cost base and improve its competitiveness.

Despite the improved trading position there is still no interim dividend.

The level of a final distribution would depend on "trading circumstances" in the second half of the year, said Mr Foden.

Vulnerable but still in the field

Lasmo, badly affected by the oil price fall, is selling assets, writes **Robert Corzine**

Lasmo, one of the UK's biggest independent oil exploration and production companies and one of the most vulnerable to current low oil prices, is suffering from "a past obsession" with size, according to Mr Joe Darby, chief executive.

Yesterday's sale to PowerGen of £123m worth of assets, including 5 per cent of the promising Liverpool Bay gas project, suggests that that obsession is over.

Mr Darby took over last January from Mr Chris Greentree, who in 1991 engineered the £1bn acquisition of Ultramar which, with hindsight, is seen as the start of the company's troubles.

The market value of the merged company fell by about half in the six months to July last year. That was partly because of the decline in the oil price but also because of a re-rating of the merged company. Since that time Lasmo's share price and market capitalisation has roughly tracked the decline in the oil price.

Lasmo's overwhelming priority from the late 1980s was rapid growth and aggressive expansion abroad. It was such that the company was "blinded to some extent" on where oil prices were heading.

At the same time "pride in being a black oil company" left Lasmo with little exposure to buoyant natural gas prices.

The London market's judgment of past errors and strategy has been harsh. Lasmo's shares have underperformed the oil sector by some 45 per cent over the past year. Investors have reacted badly to deteriorating profitability and the prospect that gearing will rise from 70 per cent to 80-90 per cent by the end of 1995, despite yesterday's sale.

The need to broaden the company's base and reduce its vulnerability to low oil prices will take time and could tax further the patience of shareholders. Mr Darby agrees that his "honeymoon" with the City has been cut short by the oil price fall.

He is keen not to put further strain on the relationship. Lasmo's board will consider a final dividend in March, an event which investors will be viewing with more than usual interest. Mr Darby says eliminating a recommended 2p pay-out would save only £15m plus advance corporation tax, an amount "not very significant" to the company's overall health, especially when weighed against the message it would send to investors.

According to some analysts, Lasmo's fall from favour has distracted attention from its success in cutting costs and selling peripheral assets. Development projects, which are pushing debt upwards, are not only aimed at securing lower-cost reserves, but will also boost Lasmo's production by 40 per cent from a 1993 average of 160,000-165,000 barrels of oil equivalent a day to 220,000-230,000 a day by 1996. Yesterday's asset sale should not affect that target.

Personnel changes in the offing will give Lasmo's senior management a new look. The resignation in October of Mr Michael Pavia as finance director paved the way for a successor who is likely to have stronger City connections. And the resignation of Lord Rees last month will allow Lasmo to appoint a new chairman, who, Mr Darby says, will be either "a City figure with a good reputation or a strong personality who has performed well elsewhere."

Neither position is likely to be filled until the end of March, and there is persistent speculation that Lasmo may be the subject of a takeover before any new appointees can settle in.

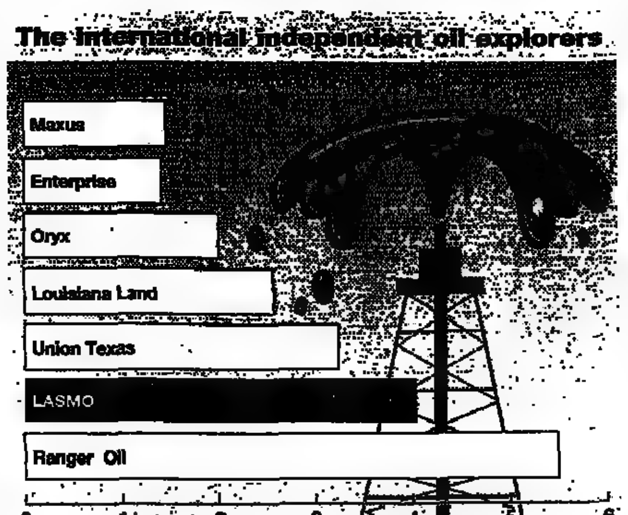
"We are vulnerable," concedes Mr Darby, "and I can't guarantee that it won't happen". But Lasmo won't resort to poison pills or other artificial defences, he says.

A takeover would be the easiest way to end Lasmo's financial pain, although Mr Darby insists that he hopes to persuade shareholders that the company can succeed in its unenvious task of "investing against a sliding oil price".

The main element of the strategy will be continued cost cutting, including a sharp reduction in spending on exploration and appraisal wells. A maximum of £60m will be spent in 1994, compared with £85m this year.

A long-standing criticism of Lasmo has been its poor record in finding new oil at a cost in line with industry averages. Mr Darby concedes that he "has been disappointed with the quality of some of Lasmo's people" on the exploration side. But he contends that the company's new exploration team under Mr Peter Nolan, a veteran of British Petroleum, and future concentration on low cost areas in which Lasmo already has a presence should lead to improvements.

The International independent oil explorers



Source: Lehman Brothers

The company also wants to reduce its dependence on oil. One way would be to capitalise on its experience in running one of the world's largest liquefied natural gas plants in Indonesia through involvement in a similar project elsewhere. "It may be as a technical adviser or possibly even taking an equity position," according to Mr Darby.

Other gas projects linked to power generation schemes will also be considered, he says. Under the terms of the Liverpool Bay project, for example, 85 per cent of the price of the gas sold to PowerGen's planned Connah's Quay plant will be linked to the retail price index, rather than to oil prices.

Mr Darby is sensitive that any future asset sales maximise shareholder value. Would-be buyers have played on Lasmo's weakness, but he does not "feel under enormous pressure to sell at distressed prices".

This attitude applies to some foreign assets which Lasmo would like to sell as well as to the Markham gas field which straddles the British and Dutch sectors of the North Sea. It has been for sale since March, but negotiations with Wintershall of Germany have so far failed to agree on a price. Yesterday's sale has eased the pressure on the company, but Lasmo remains at the mercy of the oil price. And "there are no obvious signs of improvement in the short term," concedes Mr Darby.

Granada director gets 17% pay rise

By Raymond Snoddy

Mr Gerry Robinson, the chief executive of Granada, now locked in a hostile takeover bid for London Weekend Television, received a healthy pay increase of more than 17 per cent this year.

Mr Robinson's remuneration rose in the year to October from £346,000 to £407,000, making him by far the highest paid director.

In the 12 months, the television, rental, leisure and computer services group achieved a better than expected 53 per cent increase in pre-tax profits to £176m on turnover of £1.6bn.

Mr Alex Bernstein, Granada's chairman, actually received a substantial pay cut from £267,000 to £169,000.

This reflects the arrival of Mr Robinson and the fact that as a result, Mr Bernstein is not working as many hours at the company as he used to.

Mr Robinson holds 299,172 shares in the company and has options on a further 737,500.

At LWT, which is resisting a Granada offer valuing the company at more than £600m, directors and management own about 10 per cent of the company, following a share scheme put in place before the competitive tenders for new ITV licences.

Willis Corroon floats US assets

Willis Corroon, the UK insurer, has floated approximately 55 per cent of Gryphon, the holding company for Associated International Insurance and Calvert Insurance, its US underwriting operations in the US and Canada.

The public offer, outlined in September, was of 4.5m shares of common stock at $13 a share, raising about $48m (£33m) for Willis.

Underwriters to the offer, Smith Barney Shearson, Goldman Sachs and Lehman Brothers, have a 30-day option to take up a further 8.3 per cent of Gryphon to cover over-allotments.

Framlington Russia fund

By Yuri Bender

Framlington, the fund manager, has raised $65m (£43.6m) to launch the first quoted Russia investment fund – some $10m less than its original target.

Investors include the European Bank for Reconstruction and Development and International Finance Corp, the private sector arm of the World Bank.

The Luxemburg-registered fund will take stakes mainly in small to medium-sized joint ventures between Russian and western companies. Early investments will be in food processing, high technology and consumer goods sectors.

Listing for opencast coal company

By Michael Smith

Rackwood, the Derby-based opencast coal company, is coming to the market via a placing of 9.2m shares which will raise £2.7m and capitalise the group at £6.4m.

Dealings are expected to begin on January 6.

The company sees the forthcoming privatisation of British Coal as an opportunity for growth. Like BC's opencast operations, its business is the identification, development and operation of mining sites and the marketing and sale of the coal produced.

Also like BC, it subcontracts the operation of its sites to specialist earthmoving and mining contractors.

The company says this enables it to obtain fixed unit costs for various site operations and does not expose the group to risks attached to substantial investment in plant.


Dennis Bell (left) with Max Crosland: contracts in place to supply over 500,000 tonnes of coal to the electricity industry.

Rackwood also has contracts to supply more than 500,000 tonnes of coal to the electricity supply industry.

It has rights at 10 sites. The majority are in the UK with some in France. One site is in operation and Rackwood expects three others to be operating next year.

Rackwood has accumulated losses of about £750,000 for the three years to last July but says this refects efforts to build up its portfolio.

It expects pre-tax profits for 1993 to be at least £10,000.

The issue, sponsored by Greig Middleton, the broker, will leave Mr Max Crosland, managing director, and Mr Dennis Bell, chairman, holding 43 per cent of the enlarged capital.

The prospectus shows that Mr Bell was fined £10,000 in connection with a breach of the exchange control act 1947 after exporting Krugerrands to France.

Invesco sells stake in Oak Inds

By Tim Burt

Invesco, the fund management company, yesterday announced the end of another chapter in its liaison with Drayton Consolidated, the failed investment trust, which extracted substantial compensation last year for mismanagement of its investments.

The company is selling its 4.6 per cent stake in Oak Industries, the US electrical components and controls manufacturer.

It bought the stake in November 1992 via a $6.5m (£4.4m) interest-free loan note as part of a compensation package agreed when Drayton was wound up.

Ironically, Invesco said its expected to make a $5.7m profit after redeeming the loan note.

"The exceptional profit represents a most satisfactory step in the continuing process of Invesco divesting itself of peripheral interests," the company said yesterday.

Since Invesco issued the loan note, the value of Oak shares has doubled to about $15.

Lord Stevens, chairman of Invesco at the time it was managing Drayton's funds, is also chairman of Oak Industries.

Second Consolidated, the investment trust that emerged from the ruins of Drayton and retained a stake in Oak Industries, said it expected to benefit from a simultaneous placing through Lehman Brothers in New York.

Many of Second Consolidated's shareholders had stakes in Drayton, which failed last year following Invesco's decision to invest £43m in Alma Holdings, a Scottish confectionery company. Alma subsequently collapsed with debts of £40m guaranteed by Drayton.

Under the compensation package, Invesco paid £9.5m in cash to the trust's shareholders and agreed to purchase £7.5m of loans to City Merchants Bank, another Drayton investment.

Mr Rod Richards, a director of Foreign & Colonial, the fund managers acting for Second Consolidated, said: "It's an embarrassing quirk for Invesco that they ended up making a profit on the compensation."

Film licensing difficulties behind fall to £0.65m at Novo

By Nigel Clark

Licensing difficulties within the film entertainment services division and provisions against the planned disposal of its French associate resulted in interim pre-tax profits at Novo Group falling from £670,000 to £649,000.

Licensing irregularities were discovered in the Walport International offshoot which affected trading in the period and is expected to cause "significant damage" to future earnings.

The company added that it had received advice that it might be able to claim against BET, the former owner of Walport, to recover a substantial part of the costs and losses arising from the irregularities.

As a result of the problems Novo is paying only a nominal interim dividend of 0.1p (0.3p). The level of future payments will depend on the reinstatement of Walport's film supplies and satisfactory outcome of the warranty claims.

Turnover for the six months to September 30 was £8.4m (£5.97m). Provisions of £259,000 related primarily to the planned disposal of the French associates. Earnings per share were 0.97p (2.98p).

J Billam warning

Shares in J Billam, the specialist engineer, fell 50p to 219p yesterday as the company warned of a downturn at its Aircraft and Sheet Metal Engineers subsidiary. A number of restructuring expenses had been incurred which could lead to a reduction of up to £100,000 in full year profits.

The two other offshoots were trading in line with expectations and directors expect to maintain the final dividend at 3.1p.

Scott Pickford buys as profits more than double

Scott Pickford, the USM-quoted petroleum consultant, yesterday reported more than doubled pre-tax profits for the half year to September 30. At the same time, it announced an acquisition which moves the company into a new business area.

The purchase is of Samuel Denison, a maker and distributor of computer-controlled materials testing equipment, for an initial £1.15m.

The consideration will be satisfied by the issue of 2.61m new ordinary shares, representing about 22.3 per cent of the enlarged capital, and £235,000 in cash.

A further consideration, in either cash or shares up to a maximum £850,000, is dependent on Denison's pre-tax profits exceeding £675,000 in the year ending March 31 1995.

On turnover up 55 per cent to £1.67m (£1.08m), the pre-tax result advanced to £209,114 (£103,167). The results included two months' trading from GAPS Geological Consultants, acquired in August. Earnings per share amounted to 1.89p (1p).

The shares rose 5p yesterday to reach a high for the year of 40p.

Irish Life buys AGF life assurance arm for £23.5m

By James Unwin

Irish Life, the UK subsidiary of the Dublin-based life assurance, pensions and investments group, has acquired City of Westminster Assurance, the life assurance business of AGF Holdings (UK), for £23.5m.

The purchase, which includes City of Westminster Assurance Society, takes under its wing 40,000 policyholders who generated a premium income of £8.5m in 1992.

Irish Life also announced it intends to apply early next year for a licence to operate from the International Financial Services Centre in Dublin.

Once granted, an IFSC licence would bring a number of tax advantages and increase sales in the UK and overseas.

In 1992 Irish Life had a 0.5 per cent share of the UK life assurance market, providing 15 per cent of its premiums.

Mr Jean Pierre-Paumier, UK chief executive of AGF, said the French company was selling its life assurance business to strengthen its profitable non-life UK business, which provided 97 per cent of business.

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PEOPLE

In the wake of Andrew Crockett

Pen Kent, associate director of the Bank of England since 1988, is to replace Andrew Crockett as a director of the Bank from the end of this month. But Kent, 56, will not take over as director of the international division, a post to be abolished in the new year.

As part of the Bank's efforts to untangle its convoluted allocation of responsibilities – the first such effort since 1980 – the international director's post will be abolished in January. This will leave senior staff members in London to represent the Bank at whichever international forums are most relevant to their duties in London. Former international directors – many of whom are now in the City – include Anthony Loehnis, Sir Kit MacMahon and Sir Jeremy Morse.

The International Division, likely to be rechristened, will continue in a more modest form, with the rejigging of responsibilities designed to bring its work more into the mainstream of Bank politics.

Kent (left) will retain his existing responsibilities as the director for finance and industry and for the Bank's printing works.

Ian Plenderleith, currently responsible for the Bank's monetary policy operations, will add the work of Anthony Coleby to his brief when Coleby retires at the end of February.

It has already been announced in Basle that Crockett is to take over as general manager of the Bank for International Settlements from the beginning of next year.

Bond surfaces at Bullough

Gordon Bond, who resigned earlier this month from Arjo Wiggins Appleton, the Franco-British paper group, after a boardroom row, has been snapped up by Bullough, the office products and refrigeration group.

Bond, whose resignation as chief executive of AWA's printing and writing division disappointed institutional investors and sent the the stock tumbling, has been appointed chief executive at Bullough.

Bob Steel, who had been Bullough's managing director since 1988, is leaving the company after 17 years.

Although in July the group announced sharply lower interim pre-tax profits,

it has since then been widely viewed as a recovery stock and its share price, which jumped 13p to 150p yesterday, has been reaching 12-month highs. The group confirmed that the operating profit, before exceptional items, is expected to be above the level of last year "by a useful margin".

Bond, 52, joins Bullough after 10 years with Rank Xerox and 10 years at AWA. He has wide experience as a director of manufacturing and marketing organisations in all main European countries as well as the US.

At AWA he managed a European division between 1984 and 1988 and then the US Appleton operations; he increased profits every year for nine consecutive years and was widely regarded as one of AWA's most successful operational directors.

Insurance moves

■ David Hope has been appointed a director of OCTAVIAN Syndicate Management and Charles Graham syndicate research director for Octavian Underwriting.

■ Terence Linnegar has been appointed chief executive of ASSICURAZIONI GENERALI (UK branch) on the retirement of John Grant.

■ Amanda Webster has been promoted to the board of SAVE & PROSPER Insurance.

■ Michael Barlow has been appointed to the board of BYAS MOSLEY GROUP.

■ Tim Holland-Bosworth, who recently retired as a director of Kleinwort Benson, has been appointed director of corporate finance at HENDERSON CROSTHWAITE.

■ Ken Wilson, formerly sales manager, has been appointed a director of DOMESTIC & GENERAL INSURANCE COMPANY.

■ John Weedon has been appointed general manager and Stephen Flack a vice-president of KEMPER REINSURANCE LONDON.

■ Keith Rutter, assistant general manager in charge of London market operations, has been appointed to the board of INDEPENDENT INSURANCE COMPANY.

■ Graham Cook, Steve Turner and Jan Wilkins have been appointed directors in BAIN CLARKSON's Bristol office.

■ Stuart Perrilli, formerly md of Manulife Management, has been appointed director of sales and marketing, at Albany International, part of METLIFE (UK) GROUP.

Drake: putting BR Telecoms back on track

The appointment of John Drake as chief executive of British Rail Telecommunications marks another attempt by BR to get the privatisation of its telecom subsidiary back on track.

BR has been looking to spin off BRT for some time as a potential competitor to BT and Mercury in the UK's long-distance telecoms market. But the previous chief executive, Peter Borer, left abruptly in October after reported clashes with Sir Bob Reid, BR's chairman, over the sell-off plans.

Borer had been attempting to promote a management buy-out of BRT, but the necessary private-sector backing for the venture does not appear to have been forthcoming.

Drake, 42, will have to take BRT back to the drawing board. As the managing director of GEC Marconi Transport Systems, he knows something of the business.

But he will need to move quickly. The government wants to sell off BRT late next year. Before then, responsibility for rail signalling safety passes from BR to Railtrack, which will be free to employ other private-sector suppliers besides BRT.

■ Bharat Patel has been appointed finance director of WOOLWORTHS.

■ Martyn Pellew has been promoted to director of marketing and communications at NFC.

Finance moves

■ Roger Barnes, who retired recently as head of the banking supervision division at the Bank of England, has been appointed a director of HAMBROS BANK. Andrew Martin Smith has also been appointed a director and head of Hambros investment management division.

■ Bill Smith, head of research, has been appointed chief executive of UK equities at BZW; Dick Tapper, head of derivatives trading, is also appointed head of global equity risk.

■ Colin Nicholl, formerly a director of Sun Alliance Investment Management, has been appointed director of UK investments at AMP ASSET MANAGEMENT.

■ Angus Griffin has been appointed deputy group chief executive of the NORTH OF ENGLAND BUILDING SOCIETY.

■ Stephen Allen has been appointed operations director of Waters Lunniss, part of NORWICH AND PETERBOROUGH BUILDING SOCIETY; he moves from Norwich Union.

■ Jim Kelly has been appointed to the board of HOGG ROBINSON FINANCIAL SERVICES as director of pensions administration services and systems; he was previously head of business development with R. Watson & Sons.

■ David Wallis, formerly a director of the capital markets division at Prebon Yamane (UK), is joining Martin Bierbaum Group, part of TRIO HOLDINGS.

■ Wayne Kitcat has been promoted to head of LLOYDS Bank Global Custody & Securities Service.

■ Neil Stapley, formerly md of NatWest Stockbrokers, has been appointed md, Europe and the Middle East for CHARLES SCHWAB.

■ George Yoxall, a former md of Abbey Life Investment Services, has been appointed md of EXETER FUND MANAGERS.

■ Roger Williams has been appointed a director of AITKEN HUME INTERNATIONAL.

■ Richard Gray, formerly director of international bond research at UBS, has been appointed a director of NOMURA INTERNATIONAL.

■ Philip Wylie has been appointed a director of the corporate finance division at UBS; he moves from BZW.

LEGAL NOTICES

Mayflower Brokers Limited
THE INSOLVENCY ACT 1986

NOTICE IS HEREBY GIVEN pursuant to Section 98 of the Insolvency Act 1986 that a Meeting of the Creditors of the above-named Company will be held at EEF Broadway House, Tothill Street, London SW1H 9NQ on 5 January 1994 at 11.00 a.m. for the purposes mentioned in Section 99 to 101 of the said Act.

Creditors wishing to vote at the Meeting must lodge their proxy, together with a full statement of account at the registered office - 1 -11 Hay Hill, London W1X 7LF not later than 12 noon on 4 January 1994.

For the purposes of voting, a secured creditor is required (unless he surrenders his security) to lodge at 1 - 11 Hay Hill, London W1X 7LF before the meeting, a statement giving particulars of his security, the date when it was given and the value at which it is assessed.

Notice is further given that a list of the names and addresses of the Company's creditors may be inspected, free of charge, at 1 - 11 Hay Hill, London W1X 7LF between 10.00 a.m. and 4.00 p.m. on the two business days preceding the date of the meeting stated above.

By Order of the Board
M.S. LAWSON, DIRECTOR

SOUTHERN EQUITIES CORPORATION LIMITED (SCHEME ADMINISTRATORS APPOINTED) (FORMERLY BOND CORPORATION HOLDINGS LIMITED) (the "Company")

NOTICE TO SHAREHOLDERS

TAKE NOTICE THAT an application has been made to the Supreme Court of Western Australia by the scheme administrators of the Company for orders pursuant to sections 411(7) and 1322(4) of the Corporations Law. The application is made because between July 1992 and August 1993 the administrators were directors of subsidiaries of the Company and mortgagees of the Company without leave of the Court, when leave of the Court may be required under the Corporations Law. The administrators seek a determination whether leave of the Court is necessary and, if so, they seek orders for such leave and declarations validating their acts since July 1992. Details of the application may be obtained from Blake Dawson Waldron, Solicitors (Mr P Taylor), 221 St George's Terrace, Perth, Western Australia, telephone (int +61 9 483 4833), Fax (int +61 9 483 4898). If you wish to apply to be heard on the application, you must give notice of your intention to the Court and to Blake Dawson Waldron and your application will be heard by the Court at 9.15am on 21 January 1994.

AEROTECH ALLOYS LIMITED
Registered number: 2725112
Former name Webnar Limited
Trade Classification 15
Date of Appointment: 26 November 1993
By whom appointed: Turnbull Scott Holdings plc
Date of charge: 9 March 1993
Nature of charge: Debenture
VIVIAN MURRAY BAIRSTOW and NEIL HUNTER COOPER (office holder nos. 005316 and 005399/01) of Robson Rhodes, 186 City Road, London EC1V 2NU
Joint Administrative Receivers

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COMMODITIES AND AGRICULTURE

Zimbabwe's first platinum development given go-ahead

By Nikki Tait in Sydney

The go-ahead was given yesterday for Zimbabwe's first platinum mine.

Broken Hill Proprietary, the large Australian steel and natural resources group, announced that it would proceed with the A$310m (£142m) development of a mine and associated processing facility at the Hartley complex, on the country's Great Dyke.

The project is a joint venture with Delta Gold, another Australian mining and exploration group, although its funding will be provided solely by BHP. Assuming that an investment agreement is successfully executed with the Zimbabwe government, BHP will have a 67 per cent interest in the project, with Delta retaining 33 per cent.

According to Mr Peter Vanderspuy, Delta's chairman, Hartley may be linked with other properties on the Great Dyke to form a substantial platinum producing area. He said recently that BHP and Delta were involved in talks with RTZ Corporation and Anglo American Corporation about pooling their interests.

Mr Vanderspuy suggested that the Great Dyke was geologically similar to the Bushveld Complex of South Africa, the world's biggest repository of platinum group metals. He believed the Great Dyke area had the potential to support operations producing up to 600,000 troy ounces of platinum a year – about 15 per cent of present western world demand.

Delta said recently that discussions the Zimbabwe government had "progressed well" and that "agreement-in-principle" had been reached on an investment framework for the project. It is expected that the development will begin fairly early in 1994.

Collaboration between the two companies on the potential project began three years ago.

Delta, which holds an exclusive prospecting order on a 640-square-kilometre area in the region, covering a major part of the Hartley Complex, invited BHP to undertake a feasibility study on the possible extraction of platinum group metals in 1990.

Under an agreement between the two companies, BHP was required to let Delta know by the end of 1993, whether it intended to proceed with development of the mine. Last week, announcing BHP's half-year results, Mr John Prescott, BHP's managing director, made clear that the Melbourne-based company intended to keep to that timetable.

The A$310m project expenditure will be spread over a three-year period, and the project will initially be designed to permit the mining of about 2.2m tonnes of ore a year. Delta recently estimated that, on the basis of 2.1m tonnes of ore a year, the mine would turn out some 150,000 troy ounces of platinum, 110,000 ounces of palladium, 11,500 ounces of rhodium, 23,000 ounces of gold, 7m lb of nickel and 5m lb of copper.

The project is expected to employ over 2,000 people.

News of BHP's decision lifted Delta Gold shares, which ended the day up 10 cents at A$3.77. BHP, however, shed 16 cents, to A$16.36, in the generally weaker Australian market.

Pakistan counts the cost of cotton losses

Many growers are now thinking of planting alternative crops, writes Farhan Bokhari

An uneasy quiet prevails around the village "Chak 38" outside Faisalabad – the centre of agricultural research and planning in the Punjab province, which is the source of much of Pakistan's foodgrain and cotton. A small group of peasants have gathered outside the half-built house of Mr Bashir Ahmed, a local landowner. The mood is sombre, almost funereal.

On the outskirts of the village, other peasants look, with a sense of immense frustration, at the bare 21-acre holding that should have yielded Mr Ahmed a valuable cotton crop. Their crops have also been devastated by this year's widespread pest attacks and many are now thinking of planting alternative crops. But if they do so it will be with heavy hearts.

Meanwhile Mr Ahmed is still counting his losses. The destruction was so bad that he decided to plough his land rather than first taking the pick from his cotton plants. The labour costs would have been more than the value of the crop that remained after the pest attack.

The tragedy is not confined to the cotton growers themselves. It has turned into a national setback for a country that was hoping partly to pay for its economic needs out of a bumper crop this year. Almost 60 per cent of Pakistan's export earnings come directly or indirectly from cotton.

The government now estimates that at least 15 per cent of the 12m bales of cotton it was expecting has been lost. That projection subject to the uncertainty caused by local newspaper reports, some of which have estimated a loss of over 25 per cent. In the absence of reliable monitoring systems, no one can be exact, but there is no doubt that the losses have been substantial.

"We will not be able to achieve our targets and we may stay in the range of 10m bales," says Mr Ahmed Mukhtar, the Minister of State for Commerce. "This definitely would be detrimental to our economy because the surplus of 2m bales would have added to our meagre foreign exchange reserves."

Human error is being cited as one reason for the setback. "Where the damage has been caused, it is because there was no virus here before and farmers did not take adequate precautions," says Mr Waheed Sultan Khan, director of the government's highly respected Cotton Research Institute in Faisalabad. According to Mr Khan, the worst hit areas were those with no record of similar attacks in recent years. That created a sense of complacency among the peasants and pesticides, which could have provided a useful safeguard, were not used. The farmers did not realise the importance of doing so and instead chose to save on input costs.

Cotton researchers are also looking into other factors that may have contributed to the severity of the damage. Scientists at the CRI are trying to establish a link between higher night-time temperatures – on average 3°C to 4°C higher than in previous years – and its impact on the final yield. They hope to develop new varieties more tolerant to such environmental changes.

Meanwhile, back in the fields farmers like Mr Ahmed remain depressed. "I shall never sow cotton again although I have done it for 6 years so far," he declares. "For us, there's no cotton, he says, waving his hand towards his fellow farmers. His prophecy of doom for cotton reflects the attitude of many other farmers, who are afraid that it has become a very high risk crop.

Despite such fears, however, it is not yet clear how badly Pakistan's cotton production will suffer in the after-shock of this year's experience. More and more farmers are show reluctance to face the risks of cotton growing, but officials such as Mr Khan are confident that the profit motive will ensure that most will soldier on. He estimates that spending Rs1 (2.1p) on inputs for cotton can earn a farmer Rs43.50, a much better return than those offered by other crops like wheat or rice.

Some officials are confident that Pakistan's success in raising its cotton output in the past will prove to be the crucial driving force behind future efforts to raise production. During the past four decades the countries cotton production has risen by a factor of ten with the adoption of newly developed high yielding varieties and improved husbandry techniques.

Back in the fields, however, many peasants find that track record of rapid progress little consolation after this year's heart-breaking experience.

Brazil's 1994-95 cotton output is forecast at 500,000 tonnes, up 40,000 tonnes from the current 1993-94 projection of 460,000 tonnes, according to a US agricultural attache, reports Reuter from Washington.

The projection is based on estimated area increases in the two largest Center-South region states of Parana and Sao Paulo, the attache wrote in a field report and filed from Sao Paulo. Prices are expected to increase in 1994 and encourage producers to increase the area.

Production in the north-east region is forecast to repeat the 1993-94 level of 50,000 tonnes, restricted by dry weather, boll weevil infestations and limited and expensive producer credit.

Aluminium anti-dumping suits threatened by Alcoa

Aluminum Company of America will file anti-dumping charges against aluminium exports from the former Soviet Union if multilateral talks in Brussels on January 18 and 19 do not result in an agreement to cut world production of the metal, the company's chief executive, Mr Paul O'Neill, warned yesterday, reports Reuter from New York.

"If a solution doesn't come about in January, it'll be time to file suit under anti-dumping laws," he said. "We could be successful in such suits," he added.

Mr O'Neill said he was "somewhat optimistic" that the talks between aluminium producing nations would produce an agreement to cut world output temporarily 1.5m to 2m tonnes a year.

Western producers have blamed a flood of exports from Russia for a recent slump in real world aluminium prices to their lowest levels ever in real terms.

Speaking at an analysts meeting Mr O'Neill said, however, that anti-trust laws in the US and other western nations posed a formidable obstacle to any co-ordinated cuts.

"It's not possible under anti-trust law to have an allocation process," he explained. So, forming an agreement was going to involve "an unbelievably artful drafting process".

Lead and zinc smelters cut capacity

By Kenneth Gooding, Mining Correspondent

Lead and zinc smelters are being forced to shut production capacity because concentrates, their essential raw materials, are in short supply. Concentrates are intermediate materials produced by mines and shortages are building up because many mines have been closed, victims of low metal prices.

Asturiana de Zinc of Spain, which has an annual capacity of 320,000 tonnes, enough to satisfy about 6 per cent of western world demand, is the latest producer to announce cuts. It said its zinc output would be reduced by 70,000 tonnes next year. The company already had been forced to cut production by 10,000 tonnes a month in November and December.

Asturiana blamed concentrate shortages for its decision but some traders pointed out that at present it was discussing 1994 supplies with mines around the world and that the announcement might have been a negotiating ploy. They also suggested that the concentrate shortage was only just begining to bite in the zinc market.

However, the situation was more severe for lead.

Mitsubishi Materials Corporation of Japan said this week that it would close its only lead smelting and refining plant in April next year – the plant is Japan's third-largest with an annual output of about 30,000 tonnes.

"Adverse market conditions and other factors have made continued operation of the facility uneconomical," the group said. In particular, Japan's decision to cut its tariffs on lead imports to 3 per cent from 9.1 per cent as a result of the Uruguay round of international trade talks contributed to this decision.

Ms Karen Norton, analyst at Billiton-Enthoven Metals, part of the Royal Dutch/Shell group, estimates that, with the Mitsubishi closure, about 130,000 tonnes of refined lead production cuts have already been announced for 1994 compared with cuts of about 170,000 this year.

One of the other companies to have announced cuts, MIM of Australia, said it was to shut one of its two Mt Isa smelters next year because its stock of concentrates was running low.

The latest statistics from the International Lead and Zinc Study Group show that in the first ten months of this year mine production of lead was down by 10.7 per cent or 205,000 tonnes to 1.7m tonnes while production of refined lead eased by only 1.1 per cent to 3.68m tonnes.

Mine output of zinc dropped by 9.3 per cent, or 439,000 tonnes, to 4.29m tonnes while refined zinc production slipped by only 0.7 per cent to 4.55m tonnes.

Broker forecasts tighter sugar market for 1994

By Deborah Hargreaves

The sugar market should tighten somewhat in the new year as demand continues to rise although the current ready supply to the world market and slow import demand has kept prices steady, according to the latest sugar report from E.D. & F. Man, the London commodities broker.

The success of this year's Australian and Philippine sugar crops is currently satisfying short-term demand, but Man suggests that the situation may change early next year.

Brazilian exports could be reduced if production in the north-east is lower than last year – fears of a 50 per cent drop in output have been circulated. In addition, the outlook for the Thai and Cuban crops has deteriorated in recent weeks.

Cuban exports were 60 per cent lower than last year in August at 182,964 tonnes. Concern over next year's crop has increased following heavy rains causing possible damage and delay in harvesting.

Conversely, the Thai crop could be affected by dry conditions during the growing season. A hesitant start to the Thai harvest and rumours of millers buying back some of their earlier sales has added to the market's fears of a poor outcome.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1099-99.5	1117-17.5
Previous	1100-1	1120.5-21
High/low		1122/1114
AM Official	1099.5-100	1118-18.5
Kerb close		1117-8
Open int.	277,536	
Total daily turnover	37,185	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	969-71	994-98
Previous	971-6	995-1000
High/low		995
AM Official	973-5	990-95
Kerb close		985-999
Open int.	2,786	
Total daily turnover	446	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	474-75	487-88
Previous	473-4	487-8
High/low	472.5	488/485
AM Official	472-2.5	485.5-6.0
Kerb close		487.5-88
Open int.	33,775	
Total daily turnover	5,891	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5293-98	5350-61
Previous	5300-5	5360-65
High/low		5370/5335
AM Official	5285-90	5347-8
Kerb close		5325-30
Open int.	50,180	
Total daily turnover	10,215	

■ TIN ($ per tonne)

	Cash	3 mths
Close	4790-95	4840-45
Previous	4795-805	4845-55
High/low		4850/4800
AM Official	4770-80	4820-30
Kerb close		4830-5
Open int.	17,148	
Total daily turnover	3,874	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	984.5-5.5	1002-3
Previous	982-3	1000-1
High/low		1004/997
AM Official	964-5	1002-2.5
Kerb close		993-4
Open int.	87,873	
Total daily turnover	14,681	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1179.5-80.5	1803-3.5
Previous	1778-9	1802-3
High/low	1775	1806/1796
AM Official	1774-5	1799-800
Kerb close		1800-1
Open int.	208,436	
Total daily turnover	73,022	

■ LME AM Official £/$ rate: 1.4895
LME Closing £/$ rate 1.4940

Spot:1.4950 3 mths:1.4875 6 mths:1.4819 9 mths:1.4772

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Dec	81.00	-0.40	81.50	81.00	748	312
Jan	81.05	-0.50	81.50	81.10	1,785	355
Feb	81.30	-0.45	81.60	81.50	1,176	38
Mar	81.55	-0.45	82.20	81.50	43,194	7,641
Apr	81.75	-0.40	-	-	720	14
May	81.90	-0.35	82.45	81.90	7,310	700
Total					69,210	9,244

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	386.00-386.40	
Opening	387.60-388.00	
Morning fix	386.40	259.451
Afternoon fix	385.65	257.874
Day's High	387.60-388.00	
Day's Low	384.40-384.80	
Previous close	383.20-383.60	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.80	6 months	2.80
2 months	2.78	12 months	2.84
3 months	2.78		

Silver Fix	p/troy oz.	US cts equiv
Spot	335.40	499.75
3 months	339.15	503.25
6 months	342.00	507.60
1 year	351.55	516.65
Gold Coins	**$ price**	**£ equiv**
Krugerrand	388-391	260-263
Maple Leaf	397.55-400.05	
New Sovereign	90-93	60-63

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Dec	385.0	-1.9	386.7	385.5	246	108
Jan	386.3	-2.0	386.5	386.5	1	-
Feb	387.2	-2.1	389.2	385.0	81,380	13,576
Apr	389.1	-2.1	390.1	388.0	13,492	289
Jun	391.0	-2.1	391.8	390.3	21,779	203
Aug	392.9	-2.2	392.8	392.5	5,810	7
Total					189,336	14,276

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Dec	388.3	-	-	-	4,358	1,260
Apr	388.4	-1.7	389.0	386.0	14,367	1,817
Jul	389.5	-1.9	390.0	389.0	1,981	111
Oct	390.8	-2.2	391.0	391.0	184	3
Jan	392.1	-1.9	-	-	87	-
Total					20,937	2,891

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Dec	125.30	-2.70	-	-	7	6
Mar	125.30	-0.70	125.50	123.50	3,823	214
Sep	124.30	-0.70	124.00	123.50	718	4
Jun	123.80	-0.70	-	-	52	-
Mar	123.30	-0.70	123.00	123.00	23	10
Total					4,621	234

■ SILVER COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Dec	503.8	-2.5	503.0	498.0	282	184
Jan	504.0	-2.6	-	-	30	13
Feb	505.4	-2.8	-	-	3	-
Mar	507.0	-2.7	509.0	497.5	68,920	7,750
May	510.1	-2.8	511.5	501.0	9,195	98
Jul	513.4	-2.8	514.5	504.0	10,444	64
Total					113,221	8,137

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	14.75	+0.39	14.83	14.38	1,855	5,806
Mar	15.05	+0.34	15.12	14.75	117,870	30,536
Apr	15.33	+0.30	15.38	15.18	84,711	17,203
May	15.61	+0.29	15.62	15.42	27,308	9,684
Jun	15.83	+0.23	15.86	15.65	35,237	6,162
Jul	16.06	+0.21	16.08	15.95	39,599	3,854
Total					423,411	84,744

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	13.78	+29	13.84	13.55	89,934	15,241
Mar	13.96	+30	14.04	13.76	19,728	1,723
Apr	14.22	+28	14.22	14.03	12,498	2,084
May	14.26	+13	14.32	14.28	7,430	120
Jun	14.53	+18	14.63	14.50	8,062	125
Jul	-	-	-	-	5,216	-
Total					144,574	18,666

■ HEATING OIL NYMEX (42,000 US galls., c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Jan	44.40	+104	44.60	43.40	40,249	16,773
Feb	45.10	+105	45.25	44.10	49,544	16,258
Mar	45.40	+85	45.60	46.05	32,527	7,094
Apr	45.35	+80	45.40	45.05	22,058	1,665
May	45.35	+85	45.40	45.00	24,900	1,473
Jun	45.40	+85	45.50	45.20	14,827	1,248
Total					211,272	45,749

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	142.25	+0.50	143.00	141.75	31,563	7,594
Feb	143.00	+0.75	143.75	142.75	19,157	3,353
Mar	143.75	+0.75	144.25	143.25	15,465	2,271
Apr	144.00	+0.50	144.75	144.00	9,870	333
May	144.75	+0.75	144.75	144.25	6,566	133
Jun	145.25	+0.25	145.75	144.75	9,960	2,942
Total					110,098	17,198

■ NATURAL GAS NYMEX (10,000 mmBtu., $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Jan	2.035	+.033	2.090	2.015	9,345	23,224
Feb	1.875	+.033	1.915	1.860	25,023	9,170
Mar	1.850	+.029	1.875	1.840	17,252	3,435
Apr	1.860	+.030	1.875	1.850	13,894	1,239
May	1.870	+.030	1.835	1.850	9,222	307
Jun	1.880	+.030	1.905	1.875	7,001	667
Total					134,684	46,862

■ UNLEADED GASOLINE

NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Jan	39.80	+42	40.10	39.15	26,382	13,622
Feb	41.40	+73	41.55	40.70	40,140	13,852
Mar	42.85	+60	43.05	42.55	31,596	2,912
Apr	46.10	-60	46.30	45.90	20,905	2,092
May	46.85	-50	47.05	46.70	28,188	1,780
Jun	47.55	+48	47.75	47.40	7,564	1,109
Total					157,681	35,682

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	97.85	+0.30	98.05	97.70	662	41
Mar	99.90	-	100.10	100.10	2,075	3
May	101.25	+0.20	101.50	101.15	1,639	50
Jun	102.15	+0.25	-	-	132	-
Sep	89.75	+0.20	89.75	89.75	78	14
Nov	90.80	+0.10	90.80	90.80	467	10
Total					5,146	181

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	373/6	-0/4	374/6	371/2	90	-
May	365/6	+1/0	367/0	354/0	154,110	25,060
Jul	343/6	-	346/4	343/0	35,805	4,435
Sep	346/0	-	347/6	345/0	52,815	9,625
Dec	352/6	-	356/6	352/0	4,680	450
Jul	327/0	-	-	-	5,135	148
Total					252,415	39,740

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	299/6	+1/0	300/2	298/0	1,625	-
May	302/6	+1/0	303/2	301/6	759,740	78,545
Jul	302/0	+0/6	303/0	301/4	349,946	27,130
Sep	284/2	+0/2	285/0	284/2	382,636	18,106
Dec	268/2	-	269/0	268/0	46,180	1,575
Mar	273/6	-0/2	274/4	273/4	161,090	13,055
Total					1.696m	139,235

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	104.20	+0.20	104.00	104.00	171	7
Mar	105.60	+0.10	105.50	105.50	672	26
May	107.60	+0.25	-	-	203	-
Sep	92.65	-	-	-	40	-
Nov	94.90	-	-	-	62	-
Total				-	1,138	33

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	697/0	+8/2	700/4	691/0	167,015	61,240
Mar	704/6	+10/0	709/0	699/0	260,708	96,220
May	707/2	+10/0	710/4	701/4	144,760	9,260
Jul	707/0	+9/0	711/0	701/0	131,370	7,320
Aug	700/4	+8/0	704/0	696/0	21,875	635
Sep	672/4	+5/4	675/0	670/0	13,415	145
Total					817,805	179,610

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	29.11	+0.33	29.52	29.00	2	-
Mar	29.09	+0.31	29.52	28.85	18,163	6,616
May	28.60	+0.23	29.05	28.50	40,298	9,500
Jul	28.07	+0.18	28.55	28.00	14,792	1,884
Aug	27.50	+0.16	28.00	27.50	11,972	1,453
Sep	26.50	+0.03	26.90	26.45	4,182	680
Total					98,138	21,173

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	200.8	+2.7	202.0	199.2	21,809	5,071
Mar	201.1	+2.8	202.4	199.5	28,140	4,437
May	201.9	+2.9	203.0	200.8	11,477	1,032
Jul	202.6	+3.4	203.5	200.8	10,624	1,013
Aug	201.3	+3.3	202.5	200.0	5,332	129
Sep	199.5	+3.1	200.0	198.5	2,247	626
Total					82,941	13,589

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	131.00	-	-	-	31	-
Apr	102.60	+0.9	104.0	102.00	1,716	81
May	120.30	+1.5	120.0	120.00	621	25
Jun	130.00	-	-	-	2	-
Nov	85.00	-	-	-	-	-
Mar	105.00	-	-	-	-	-
Total					2,365	106

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	1245	-8	1250	1250	960	-
Feb	1258	-6	1265	1265	71	23
Mar	1280	-3	-	-	-	-
Apr	1285	-8	1285	1285	776	11
Jul	1155	-4	1156	1155	225	5
Oct	1335	+12	-	-	181	-
Total					2,267	50

	Close	Prev
BFI	1122	1125

COTTON

Liverpool- Spot and shipment sales amounted to 240 tonnes for the week ended 17 December, against 77 tonnes in the previous week. Improved demand brought moderate purchases, mainly in Cameroon descriptions. Mali Growths made some headway.

JUTE

December/January C and F Dundee: BTC $475, BWC $500, BTD $450, BWD $485. December/January C and F Antwerp: BTC $459, BWC $455, BTD $425, BWD $425.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	866	+8	871	854	339	342
Mar	910	-5	921	907	38,403	2,467
May	920	+3	931	919	17,108	3,243
Jul	930	+2	942	931	9,484	1,485
Sep	943	+4	952	943	10,204	251
Dec	957	+2	967	955	14,934	1,319
Total					132,441	10,288

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	1156	-6	1167	1151	33,298	2,844
May	1185	-6	1200	1184	13,766	840
Jul	1216	-10	1226	1216	8,765	827
Sep	1243	-4	1247	1245	8,410	383
Dec	1262	-5	1267	1260	6,347	277
Mar	1276	-7	1285	1276	8,381	251
Total					88,084	5,882

■ COCOA (ICCO) (SDR's/tonne)

Dec 21	Price	Prev. day
Daily	925.25	919.79
Dec 22		
10 day average	988.54	1271.06

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	1221	+1	1225	1217	5,498	1,226
Mar	1236	+5	1240	1230	15,684	1,065
May	1225	+5	1230	1220	6,370	424
Jul	1222	+1	1227	1220	654	93
Sep	1222	+2	0	0	763	-
Nov	1223	+6	0	0	183	-
Total					29,113	2,808

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	76.30	+0.05	76.70	75.60	33,873	5,712
May	77.75	+0.05	78.00	77.20	9,019	677
Jul	79.20	+0.25	79.40	78.70	2,398	299
Sep	80.70	+0.45	80.75	80.00	1,646	11
Dec	82.25	+0.35	82.65	82.00	1,191	28
Mar	84.25	+0.50	-	-	611	-
Total					48,737	6,727

■ COFFEE (ICO) (US cents/pound)

Dec 21	Price	Prev. day
Comp. daily	71.36	71.53
15 day average	81.80	71.80

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	10.77	+0.22	10.75	10.65	1,192	29
May	11.00	+0.21	-	-	840	-
Jul	11.21	+0.20	-	-	2,919	-
Oct	11.01	-0.20	-	-	46	-
Total					4,799	29

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	282.00	+4.00	283.00	278.00	7,886	375
May	284.00	+3.20	283.00	283.00	1,758	2
Aug	288.00	+2.90	287.50	286.00	1,480	26
Oct	277.30	+2.70	278.70	275.70	1,725	1
Dec	276.30	+2.30	-	-	79	-
Mar	277.30	+1.80	-	-	89	-
Total					12,889	404

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	10.55	+0.25	10.56	10.34	45,813	17,885
May	10.77	+0.22	10.78	10.59	22,897	3,420
Jul	10.69	+0.21	10.69	10.51	15,705	824
Oct	10.67	+0.19	10.68	10.51	12,448	879
Mar	10.69	+0.18	10.62	10.57	1,468	68
May	10.60	+0.18	-	-	11	-
Total					98,480	23,046

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	66.11	+0.57	66.45	65.68	26,446	2,517
May	67.20	+0.58	67.60	66.65	9,179	1,183
Jul	68.15	+0.67	68.30	67.65	6,016	729
Oct	66.75	+0.45	67.15	66.50	936	31
Dec	66.02	+0.77	66.30	65.65	5,246	177
Mar	66.75	+0.53	-	-	39	6
Total					47,872	4,682

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	108.80	+0.20	109.50	108.50	5,282	901
Mar	112.20	+0.25	112.70	109.75	9,932	1,107
May	115.15	+0.30	115.75	112.75	2,967	144
Jul	118.15	+0.30	118.00	118.00	957	227
Sep	120.20	-0.65	120.00	120.00	641	1
Nov	122.20	-1.65	122.20	122.00	180	6
Total					20,384	2,588

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Dec 22	Dec 21	month ago	year ago
1657.8	1669.0	1619.9	1693.8

■ CRB (Base: 4/9/56=100)

Dec 21	Dec 20	month ago	year ago
224.05	224.79	-	-

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	73.475	-	73.850	73.225	31,562	9,573
Apr	75.600	+.175	75.850	75.300	17,529	1,531
Jun	73.450	-	73.575	73.275	14,126	1,926
Aug	72.250	0.075	72.525	72.250	6,636	406
Oct	72.375	-	72.525	72.300	3,484	261
Dec	73.400	0.125	73.400	73.400	656	3
Total					74,631	15,177

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	41.450	0.950	42.400	40.800	129	139
Feb	45.050	0.750	45.600	45.000	11,960	1,160
Apr	46.250	0.475	46.550	46.200	5,265	677
Jun	52.400	0.150	52.650	52.250	4,103	278
Jul	52.400	0.150	52.575	52.350	1,268	136
Aug	51.400	-	51.475	51.250	884	141
Total					24,689	2,916

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	54.775	+.325	55.050	53.700	6,525	1,008
Mar	55.050	+.200	55.400	54.200	962	138
May	55.900	-	56.450	55.400	1,323	105
Jul	56.600	+.300	56.750	55.950	1,251	55
Aug	54.550	+.300	54.750	54.000	149	5
Total					9,213	1,311

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	**Feb**	**May**	**Feb**	**May**
1100	42	67	26	32
1125	30	54	37	43
1150	20	42	53	56
■ COPPER (Grade A) LME	**Feb**	**May**	**Feb**	**May**
1750	71	102	28	36
1800	43	73	44	55
1850	23	50	74	81
■ COFFEE LCE	**Mar**	**May**	**Mar**	**May**
1200	76	98	40	70
1250	50	73	64	97
1300	33	55	97	129
■ COCOA LCE	**Mar**	**May**	**Mar**	**May**
875	19	39	84	94
1000	13	32	89	112
1050	8	22	148	152
■ BRENT CRUDE IPE	**Jan**	**Feb**	**Jan**	**Feb**
1400	2	29	20	48
1450	3	8	-	-
1500	-	4	-	107

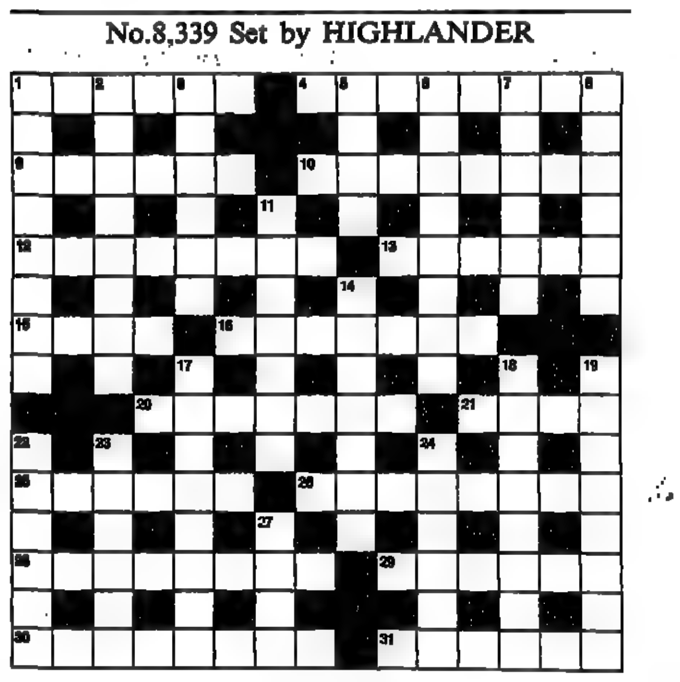
LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Feb)		+or-
Dubai	$12.30-2.40w	+0.300
Brent Blend (dated)	$13.50-3.55	+0.100
Brent Blend (Feb)	$13.69-3.71	+0.200
W.T.I. (1pm est)	$14.68-4.70w	+0.350
■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$145-147	+1
Gas Oil	$147-148	
Heavy Fuel Oil	$55-56	
Naphtha	$130-132	+0.5
Jet fuel	$170-172	-0.5
Petroleum Argus Estimates		
■ OTHER		
Gold (per troy oz)♣	$386.20	-2.20
Silver (per troy oz)♣	501.5c	-9.00
Platinum (per troy oz.)	$384.15	-4.60
Palladium (per troy oz.)	$123.25	-0.75
Copper (US prod.)	85.5c	+0.5
Lead (US prod.)	34.50c	
Tin (Kuala Lumpur)	12.06r	+0.02
Tin (New York)	224.50c	+0.50
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	121.84p	+0.76*
Sheep (live weight)†♠	98.06p	+5.80*
Pigs (live weight)	74.96p	+1.75*
Lon. day sugar (raw)	$265.4	-4.6
Lon. day sugar (wte)	$279.0	-3.5
Tate & Lyle export	£289.5	-4.0
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	£129.0	
Wheat (US Dark North)	£175.0z	
Rubber (Jan)♥	61.00p	
Rubber (Feb)♥	61.25p	
Rubber (KL RSS No1 Jul)	209.5m	+0.5
Coconut Oil (Phil)§	$637.5x	+32.5
Palm Oil (Malay.)§	$387.5w	
Copra (Phil)§	$445	
Soyabeans (US)	£200.5	
Cotton 'A' Index	60.60c	+0.30
Wooltops (64s Super)	342p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Feb/Mar w Feb. z Jan. v Sep/Oct. t Dec/Jan. x Mar/Apr. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week, provisional prices.

CROSSWORD

No.8,339 Set by HIGHLANDER



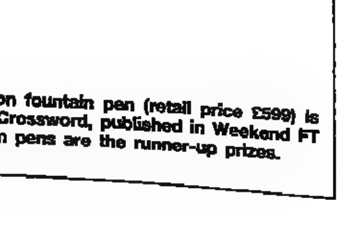
ACROSS

1 Not a hero, but firm on guardian's responsibility (8)
4 Spoilt by second-rate editor without a clue (6)
9 Immature creatures in US city joining drunken rave (8)
10 One's ability to choose to release Shakespeare? (4,4)
12 Note against nots during the interval (8)
13 Arrival of many in continuously changing state (6)
15 Was very smelly without second fuel container (4)
16 Rugby player is on the ball forty minutes (3,4)
20 Fliers escaped being disposed of in lottery (7)
21 European currency pushed by Pole? (4)
25 Does not work well in trousers (6)
26 Strike back with spear in a manner of speaking (8)
28 Cardinal in high position (8)
29 Start to prevent groom running amok in ethnic persecution (6)
30 Moved among equals for a decade (8)
31 Mental dullness shown by Proust characters (6)

DOWN

1 Tragedy about Launcelot's first friendship (8)
2 Unusual pair circumscribed by need for cosmetics (3,5)
3 Last of Bessemer kilns heats up a lot (6)
5 Singer's carefree prank (4)
6 Inexperienced pilot – what a pest! (8)
7 Time to steal and carry off something of little value (6)
8 Former upper class were first to rise, becoming rich (2,4)
11 Fully round if one has to expand (7)
14 This cat is the fastest, said swindler (7)
17 Inconspicuous position where defenders have meals? (4,4)
18 The second athlete out of bed (6-2)
19 In Scotland burn 'ar' ribbon in the wind (8)
22 Pronounce donkey injured according to Cockney (6)
23 Took the chair over fury created by lampoon (6)
24 Ten wickets down is maximum (3-3)
27 Spots Bill going over a couple of points (4)

Solution 8,338



JOTTER PAD

A Pelikan Toledo Limited Edition fountain pen (retail price £599) is first prize in the FT Christmas Crossword, published in Weekend FT on Friday; five Pelikan Souverän pens are the runner-up prizes.

هكذا من الأصل

MARKET REPORT

Profit-taking halted as equity buyers reappear

By Terry Byland, UK Stock Market Editor

The optimists refused to be daunted by early falls in UK stocks yesterday and, encouraged again by firmness in stock index futures, shares were driven ahead towards the close by suggestions that a Swiss investment house was putting together a large buy programme in UK equities.

In early trading the FT-SE 100 Index was down nearly 10 points as overnight profit-taking orders were completed. But the day's low in the 3,333 area was reached quickly and the market then benefited from firmness in other European bourses and a solid premium on the March contract on the Footsie index.

With several sectors facing profit-taking recommendations from UK broking houses, upward progress was difficult and the gain in the market was stopped at around 15 points on the Footsie before profit-takers came back again when UK bonds turned sluggish.

The final punch came when the March futures contract moved to a strong premium and shares moved close to the early highs. At the end of the session, the FT-SE Index showed a net gain of 13.3 to 3,355.7. Renewed demand for the smaller stocks took the FT-SE Mid 250 Index to a new peak of 3,727, up 20.1 on the day.

Traders saw yesterday's performance from the stock market as convincing evidence that the big investment institutions will not let share prices fall very far below existing levels before re-entering the market as buyers of UK equities. However, buying was somewhat selective with several sectors lagging behind a stock market which has performed spectacularly over the past two months.

Significantly, Seaq volume increased as the market turned higher and the final total was 779.2m shares compared with 756.2m on Tuesday; equity trading retail value in the previous session was £1.78bn, an impressive figure for a pre-Christmas trading session. Non-Footsie business made up around 66 per cent of yesterday's Seaq total, a relatively high level compared to recent sessions which have been led by the Footsie stocks.

Interest rate hopes remained in place, inspiring further gains in the merchant banks and other financial shares. Building stocks, also closely linked to interest rate hopes, did well and the stores sector, which has lain under a cloud, found buyers.

Strategists noted that the London market appeared to brush off news from the corporate sector, which ranged from renewed threats of problems at Euro Disney to another asset sale by Lasmo, the UK-based oil exploration company.

Sentiment was also helped at first by a steadier tone in Uk government bonds, although this was unsettled later when both short and longer dated bonds turned easier. The domestic bond market has been a prime force behind UK equities, as the fall in returns on bonds has made shares more attractive to institutional investors.

However, while impressed by the high trading volumes reported in the stock market, traders pointed out that marketmakers are still trying to keep books tight ahead of the extended Christmas holiday weekend, and that this makes share prices highly responsive to sudden changes in investment direction.

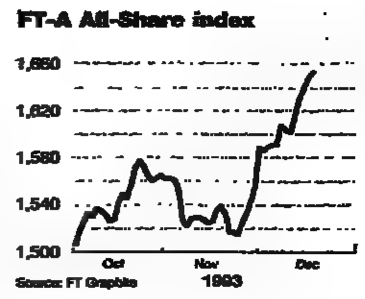
The big institutions have largely closed down their trading positions for the extended holiday break and are now content to overhaul portfolio positions, trading only at the margins of their holdings.

Account Dealing Dates

*First Dealings: Dec 13	Jan 4	Jan 17
Option Declarations: Dec 30	Jan 13	Jan 27
Last Dealings: Dec 31	Jan 14	Jan 28
Account Day: Jan 10	Jan 24	Feb 7

*New time dealings may take place from two business days earlier.

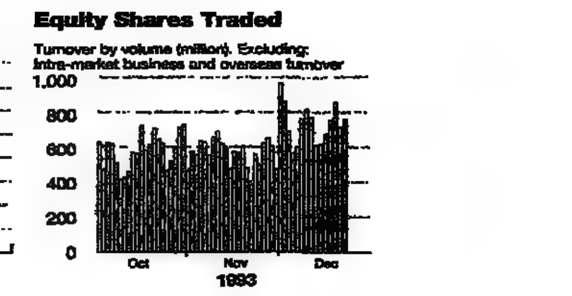
FT-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT SE 100	3355.7	+13.3	FT Ordinary Index	2513.7	+6.0
FT-SE Mid 250	3727.0	+20.1	FT-A 500 p/e	21.64	(21.57)
FT-SE-A 350	1672.0	+7.2	FT-SE 100 Fut Mar	3377.0	+14.0
FT-A All-Share	1651.09	+7.01	10 yr Gilt yield	6.23	(6.23)
FT-A All-Share yield	3.43	(3.45)	Yield ratio:	1.98	(1.94)

Best performing sectors		Worst performing sectors	
1 Media	+1.7	1 Textiles	-1.4
2 Merchant Banks	+1.4	2 Property	-0.9
3 Other Industrials	+1.2	3 Food Retailing	-0.9
4 Insurance Brokers	+1.1	4 Oil & Gas	-0.8
5 Business Services	+1.1	5 Electricals	-0.7

Forecast cut hits Coats

Textiles group Coats Viyella was hit after one of its joint brokers cut its profits forecast for the company to reflect the slow recovery in the industry.

Securities house BZW, which shares the brokership with Cazenove, was said to have cut by £5m to £147m for this financial year, bringing its estimate into the lower end of the current range of £145m to £155m.

The downgrade was followed by a statement from the company that it expected to meet its original forecasts. Some in the market interpreted this as an unwarranted move to dampen criticism and failed to take heart. The shares remained at their low of the day, down 8½ at 259½p.

Kleinwort strong

The rehabilitation of Kleinwort Benson, the merchant bank, was taken a stage further yesterday after the bank announced its long awaited new senior management structure. Sir Nicholas Redmayne and Mr David Clementi will share the chief executive role at the merchant bank.

The moves were greeted enthusiastically by the stock market, where Kleinwort Benson shares, savaged in the aftermath of the stock market crash of October 1987 and also by a disastrous bought deal in Premier Consolidated Oilfields, surged ahead 30 to 591p, their highest closing level since just before the 1987 crash.

A banking specialist commented: "After their half-year performance there was really no need for any major upheavals in Kleinwort's businesses; the news got a very receptive audience." However, he also attributed part of yesterday's upsurge in Kleinwort shares to an ever tightening squeeze on marketmakers' short positions in the stock.

S.G. Warburg also participated in the strong showing of the merchant banks sector, finishing 12 up at 942p.

News that Lasmo is selling £123m of offshore North Sea assets, including part of its Liverpool Bay and Southern Gas Basin interests, came as a surprise to the market.

The shares' failure to make progress after the move, generally greeted favourably by oil sector analysts, was attributed to hefty selling pressure by one of the leading US investment banks involved in market-making in the UK. Lasmo shares closed a penny harder at 114p. Turnover was a hefty 5.2m shares.

"It is a good deal for Lasmo and they got a good price; it is gratifying that the Lasmo directors are aggressively managing the company's assets after the problems of the past year or so," said an analyst.

British Gas was the market's most heavily traded stock, with more than 23m shares changing hands. The stock price retreated 13½ to 333½p, still burdened by the market's poor reception of the Department of Trade move to dismantle British Gas's monopoly in the domestic gas market.

There was also evidence of large-scale switching out of Gas and into BP. The latter improved to 358p at one point following the switch moves, but attracted flurries of US selling late in the session to close marginally easier at 355p.

Reuters jumped 44 to 1816p on a stock shortage in the wake of a number of relatively large delayed trades which made up nearly half the day's 869,000 share trading volume. The shares initially hit an all-time intraday traded high of 1822p. Earlier S.G. Warburg reaffirmed the share on an international asset allocation list which included nine other UK stocks.

International publisher Reed International gained 22 to 890p with dealers focusing on a buy note from US house Goldman Sachs. Goldmans was unavailable for comment.

Chemicals group ICI fell 4 to 754p after BZW, the company's joint broker reduced its forecast for the company's 1994 profits. The securities house said it had adjusted its forecast down by around 8 per cent but was still above Hoare Govett's £350m bottom of the range estimate. It said it expected the shares to fall by between 5 and 10 per cent before they became a "compelling buy".

Chemicals group Courtaulds fell 10½ to 455p as a result of a technical trade in the options market by one securities house left with too much stock on its hands. The trade offset the potentially beneficial effect of a £2.7m disposal by the company. Courtaulds sold its industrial paints business to Croda International, whose shares eased a penny to 327p.

A worsening stock shortage and some determined buying by one of the leading UK marketmaking houses was said to have driven the banks sharply better in early trading. Best levels were not always held, however, and TSB settled 1½ off on the session at 251½p having reached 258p at the outset.

Sun Alliance shrugged off suggestions of a Smith New Court downgrade, closing 5 up at378p.

Construction group Costain attracted some heavy activity – 5.7m traded – closing 1½ ahead at 28p with institutions said to be chasing the stock as a strong recovery prospect.

Food retailers came under renewed pressure as stories persisted of an imminent outbreak of price wars and continued fretting over margins. Hoare Govett added additional concerns to Argyll Group, arguing that the stock was particularly prone to eroding margins. The shares dropped 4½ to 275½p.

In a mixed food manufacturing sector, Strauss Turnbull emerged as a strong buyer of Perkins Foods, the shares adding 4½ to 67p. The broker argued that the stock had been oversold and that its yield was now double that of the base rate and three times the market's yield.

There was another generally weak session in the drinks sector, with agency broker James Capel advising clients to take profits. Most of the falls were limited to the brewers with Bass dropping 9 to 558p, Greenalls 5 to 450p, Boddington 7 to 282p and Whitbread 8 to 579p.

Euro Disney slid 8 to 395p as auditors to the theme park operator said it may have to close if it failed in talks to restructure its financing with bankers and parent company Walt Disney by next spring.

P&O jumped foward after announcing the £117.5m sale of a large part of its investment in a Hong Kong terminal. The company said the disposal would add profits of around £44m for 1993. The shares gained 7 to 646p.

Positive comments from Kleinwort Benson and Smith New Court were said to have helped British Aerospace, up 7 at 413p.

MARKET REPORTERS:
Christopher Price,
Peter John,
Steve Thompson.

■ Other statistics, Page 14

■ NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (291)

BRITISH FUNDS (6) AMERICANS (1) BANKS (1) TSB, BREWERS (1) Gibbs Mew, BLDG MATLS (12) BPB, Baggeridge Brick, Caradon Pf., Heywood Williams Pf., Kingspan, Latham (J), Manders, Marley, Pilkington, Do. Wrnts., Sheffield Ins., Tarmac, BUSINESS SERVS (4) Caskel, Corp. Services, Page (M), Scott Pickford, CHEMS (3) BASF, Leigh Pf., Professional Fire, CONGLOMERATES (2) Daimler-Benz, Grampian, CONTG & CONSTRCN (6) Berkeley, Lov. & Clydesdale, Sheriff, Westbury, Wilson Bowden, Wilson (C), ELECTRICALS (5) Denmans, Dowding & M., Oxford Ins., Pifco, Do. A, ELECTRICITY (3) Natl. Power, Norweb, PowerGen, ELECTRONICS (8) Abacus, Coral Tech., Electrocomponents, Eurotherm, Farnell, Nasco, Rodime, Siemens, Soundtracs, ENG GEN (8) Bullough, GBE, Halma, Hill & Smith, IMI, Molins, Protean, Renold, Sterling Inds., FOOD MANUF (2) Cadbury Schweppes, Mathews (B), FOOD RETAILING (1) Fiorellos, HEALTH & HSEHOLD (3) Maybom, Takare, Zeneca, HOTELS & LEIS (2) Compass, Pram, Verity, INSCE BROKERS (2) Archer (A.J.), PWS, INSCE COMPOSITE (2) Angerstein, London Insce. Mkt., INSCE LIFE (1) Transatlantic. INV TRUSTS (128) MEDIA (17) Capital Radio, Carlton Comms., Central ITV, EMAP, Elsevier, Flextech, GWR, Haynes Pub., Intl. Bus. Comms., Metro Radio, More O'Ferrall, Radio Clyde, Reed Intl., Reuters, Telegraph, Utd. News., Watmoughs, MERCHANT BANKS (2) Kleinwort Benson, Warburg (S.G.), MTL & MTL FORMING (3) Cooper (F), Glynwed, Meenc, MISC (6) Airsprung Furniture, Eurocopy, Excalibur, Headlam, Sothebys A, Young (H), MOTORS (6) Alfa Leisure, Charter Stoney, Evans Halshaw, GKN, Henlys, Motor World, OIL & GAS (2) Europa Energy, Greenway, OTHER FINCL (4) EFT, Govett, Natl. Home Lns. Pf., St. James's Place Cap., OTHER INDLS (8) English China Clays, Ferromet, Morgan Crucible, Do. Pf., Meenc, PACKG, PAPER & PRNTG (5) AG, Bawick, Photo, Lawson Mardon, Macfarlane (C), PROP (3) Burford, Chesterfield Tst., HK Land, Highcroft, Mucklow (A & J), STORES (11) Austin Reed, Essex Furniture, Gt. Universal, Lloyds Chemists, Do. Pf., Mallett, Next, Partridge Fine Arts, Rosebys, Storehouse, Stylo, TELE NETWORKS (4) Cable & Wire. 7pc Cv. 2006, Securicor, Do. A, Security Services, TEXTS (1) Victoria Carpet, TRANSPORT (4) Assoc. Brit. Ports, Eurotunnel Uts., P & O Pf., Tibbett & Britten, WATER (1) Bristol, PLANTATIONS (3) MINES (9)

NEW LOWS (13)

BRITISH FUNDS (1) BLDG MATLS (1) Phoenix Timber, BUSINESS SERVS (1) Intl. Food Mach., CHEMS (1) Holliday, ELECTRONICS (1) Linx Printing, ENG GEN (1) Upland, HEALTH & HSEHOLD (1) Huntingdon, INSCE BROKERS (1) Hogg, INSCE COMPOSITE (1) Aon, MEDIA (2) Blenheim Pf., Novo, MISC (1) WSP, TEXTS (1) Courtaulds.

EQUITY FUTURES AND OPTIONS TRADING

Footsie futures regained their lead against the underlying stock market yesterday as buyers returned, *writes Peter John*.

The March contract opened at 3,355 and moved ahead to 3,390, at which stage it reflected a premium of some 30 points to cash. Then in the afternoon, dealers said there was heavy buying linked to expiry of a large tailor-made Footsie option expiring at 3,350.

Morgan Stanley, the US investment house, was believed to be behind the deal. The house, which has a prestigious global client list, has become a by-word for large futures related deals in the past few months. In mid-November it bought 8,000 FT-SE puts - options to sell the market at a fixed time and price.

By the official close, just after 4pm, the March contract hit 3,377 on moderate turnover of 6,711 lots but the buying pressure pushed it back up by another 10 points in after hours dealing.

Fair value for the March contract – the premium which factors in the cost of carrying minus the dividends that would be had by holding the underlying stocks – is estimated at around 18 points.

On the options side of LIFFE, total turnover of 49,139 lots was up from 37,336 lots on Tuesday but activity was boosted by expiry of a number of stock options.

Some 25 stocks had their December series expiring and all the most actively-traded issues – British Gas (5,634 lots), Dixons (3,582), Glaxo (2,554), Barclays (2,494), TSB (1,846) and Hillsdown (1,698) – reflected the technical situation. Turnover in Footsie related options was less than 18,000 lots.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3359.0	3377.0	14.0	3390.0	3355.0	7421	55130
Jun	3395.0	3389.0	13.0	3398.0	3395.0	855	951

Contract traded on APT. Open interest figures are for previous day.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3351) £10 per full index point

	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P	3350 C	3350 P	3400 C	3400 P	3450 C	3450 P	3500 C	3500 P	3550 C	3550 P
Jan	178	9	138	15½	89½	28½	54	45	30	73	15	110	6½	154	3	204½
Feb	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	201½
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	206½
Jun†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	214
Sep†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	226

Calls 4,098 Puts 6,094

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	3325 C	3325 P	3375 C	3375 P	3425 C	3425 P	3475 C	3475 P
Jan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	128½
Feb	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	135

Calls 760 Puts 6,642 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

TRADING VOLUME

■ Major Stocks yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	[illegible]	54	
Abbey National†	2,400	479½	+5½
Albert Fisher	440	65	
Allied-Lyons†	1,000	654	-1
Anglian Water†	814	594½	+6½
Argos	[illegible]	381	-1
Argyll Group†	4,400	275½	-4½
Arjo Wiggins†	3,800	242	
Assoc. Brit. Foods†	126	567	-1
[illegible]	[illegible]	[illegible]	[illegible]

FT - SE Actuaries Share Indices — The UK Series

	Dec 22	Day's chge%	Dec 21	Dec 20	Dec 17	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3355.7	+0.4	3342.4	3364.9	3337.1	2827.4	3.61	5.19	23.64	97.18	1226.92
FT-SE Mid 250	3727.0	+0.5	3706.9	3710.4	3691.7	2842.6	3.27	5.10	24.21	85.10	1350.95
FT-SE Mid 250 ex Inv Trusts	3718.5	+0.5	3698.4	3702.3	3683.9	2854.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A 350	1672.0	+0.4	1665.1	1674.2	1661.6	1379.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE SmallCap	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE SmallCap ex Inv Trusts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-A ALL-SHARE	1651.09	+0.4	1644.08	1652.35	1640.19	1354.50	3.43	5.10	24.36	46.11	1260.21

■ FT-Actuaries All-Share

	Dec 22	Day's chge%	Dec 21	Dec 20	Dec 17	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
1 CAPITAL GOODS(215) … 99 FT-A ALL-SHARE(823)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Mid 250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A 350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Construction	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Health & H'hold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Water	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul	Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Allied-Lyons	650	18	37½	45½	17	28½	43½	Lasmo	110	15½	20½	24½	9½	14	17½
(*653)	700	4	17	26	53½	59½	74½	(*113)	120	9½	15½	19½	18	18½	23½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ TRADITIONAL OPTIONS

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	8	81	19
Other Fixed Interest	0	0	15
Commercial, Industrial	414	209	822
Financial	57	31	86
Property	20	19	95
Investment Trusts	211	21	309
Oil & Gas	18	19	44
Mines	20	55	84
Others	39	33	54
Totals	787	488	1,511

Data based on those companies listed on the London Share Service.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1993 High	1993 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1993 High	1993 Low	Stock	Closing price p	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINANCIAL TIMES EQUITY INDICES

	Dec 22	Dec 21	Dec 20	Dec 17	Dec 16	Yr ago	*High	*Low
Ordinary share	2513.7	2508.7	2516.0	2505.1	2498.0	2162.9	2516.0	2124.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Dec 22	Dec 21	Dec 20	Dec 17	Dec 16	Yr ago
SEAQ bargains	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity turnover (£m)†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity bargains†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shares traded (mil)†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Excluding intra-market business and overseas turnover.

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		19½	+1/16	20¾	15¾	16,070	2.3
Allegheny & W.	♥	460p	+6	722p	399p	283.5	4.3
Amdahl		428p	–17	591p	234p	490.2	0.8
Amer Cyanamid		33¼	–¼	39	31¼	2,987	3.5
Amer Express		21⅛	+1/16	25⅛	14⅞	10,138	3.2
Amer T & T		39⅜xd	+⅛	43¼	33⅛	49,439	2.4
Ameritech		52⅝	–⅛	58¼	46	20,041	4.7
Anheuser-Busch		32⅞xd	–¼	41¼	29⅜	9,011	2.9
BankAmerica		31½xd	+⅛	38¼	27⅛	11,195	3.0
Bankers NY		53⅛	–⅛	54⅜	42⅞	4,421	3.9
Bell Atlantic		40⅞	–½	44⅜	32¼	17,822	4.4
BellSouth		39	—	42⅞	32⅞	19,288	4.8
Bethlehem Steel	♥	12⅛	—	13¾	8½	1,125	-
Bowater		1577p	–45	1662p	1189p	571.4	2.5
CPC		32⅛	+⅛	34⅞	26	4,941	2.7
California Engy		1290p	—	1479p	1080p	235.4	-
Chase Manhattan		23⅛	+1/16	24⅞	17⅞	4,245	3.5
Chrysler		35⅞xd	+⅛	39	21¼	10,882	1.5
Citicorp		25	–⅛	28	13⅞	9,478	-
Colgate-Palm		40⅛	+⅛	48⅞	32	6,478	2.4
Comm'l Bank		1749p	+22	1877p	1278p	1,783	2.3
Dana		37⅛xd	—	39⅞	28⅞	1,704	2.9
Data General		580p	—	951p	527p	182.3	-
Decora Inds	♥	79½p	—	145p	79½p	–	-
Dun & Brad		41⅞	–⅛	45⅞	37⅛	7,422	3.9
Eaton		33¾	+⅛	37⅛	25⅞	2,348	2.4
Echlin		22¼	+⅛	22⅞	15⅛	1,288	2.1
FPL		26⅞	+1/16	27⅞	23⅛	4,757	6.3
Ford Motor		43½	+1¼	43½	28⅞	21,400	2.4
Gen Elect		70⅝	+½	70¾	53⅞	60,238	2.4
General Host	♥	477p	+8	723p	452p	–	4.7
Gillette		40⅞xd	–1/16	43⅛	31⅞	9,009	1.4
Hasbro		20⅞	—	20⅞	20⅞	1,818	0.8
Honeywell		22⅛xd	–⅛	28½	20⅛	4,832	2.9
Houston Inds		32⅛	+⅛	33⅜	28¼	4,221	6.2
Ingersoll-Rand		25xd	–⅛	28⅛	19⅞	2,631	1.9
Lockheed		45¼	–1¼	47⅞	35¼	2,808	3.1
Lowe's		3741p	–58	3799p	1573p	2,729	0.6
MJvy Technology		264p	–9	432p	127p	–	-
Merrill Lynch		31⅛	–1/16	33⅞	18½	9,980	1.7
Morgan (JP)		47⅞xd	–⅛	52⅛	38¼	9,185	5.3
Morris (Philip)	§	36⅞xd	+⅛	52⅞	28	22,370	4.7
NYNEX	h	27¼	–⅛	32⅛	26⅛	11,246	5.8
Pall		12⅛	–¼	16	10⅞	1,436	1.7
Pennzoil		35⅛xd	—	47⅛	31⅞	1,609	5.7
Quaker Oats		46¼xd	—	50⅞	38⅛	3,478	2.9
Questor		134p	+8	687p	49½p	12.7	-
Rockwell		25¼xd	+⅛	26⅞	18⅞	5,538	2.6
Rep NY		31⅛xd	–⅛	37⅞	29¼	1,861	2.3
Sears, Roebuck		35⅞xd	–1	39⅞	18⅞	9,308	3.0
Sthwestern Bell	h	29½	+⅛	30⅛	23⅞	17,052	3.4
Sun Co.		20⅛	–⅛	21⅞	14⅛	2,178	5.4
Tenneco		34½xd	–⅛	38¼	25½	5,822	3.1
Texaco		42⅝xd	–⅛	46⅛	37⅛	11,039	5.0
Time Warner		29¼xd	+⅛	30⅞	18⅞	11,610	0.7
Unitab	♥	390p	–1	609p	358p	178.8	-
US West		31¼	+¼	36	24¼	12,961	4.6
Vanity		2802p	–29	2893p	1686p	847.3	-
WMX Technologies		18⅛xd	+⅛	27⅛	15⅞	8,832	2.2
Whirlpool		4348p	+59	4577p	2224p	3,037	1.9
Woolworth	♥	15¾	–⅛	21½	14	2,089	4.9

CANADIANS

	Notes	Price £	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Amer Barrick		1681p	–36	2007p	890½p	5,380	0.3
Bk Montreal	b	13⅛	—	14¼	11⅛	3,254	4.3
Bk Nova Scot		1471p	—	1628p	1111p	3,090	3.9
BC Gas	♥	815p	–10	876p	723p	–	3.7
BCE		22½	+⅛	28⅛	20⅞	6,891	6.0
Brascan	♥	795p	—	840p	454p	655.8	6.6
Can Imp Bk		1585p	–19	1749p	1228p	3,252	4.3
Can Pacific		1053p	–20	1182p	810p	3,358	1.5
4pc Deb		48¼	—	48¼	38	22.0	6.3
Oerlan	♥	238p	–8	287p	164p	–	5.9
Echo Bay	♥	871p	–39	972p	285p	875.0	0.7
Gulf Can.	♥	197p	+2	304p	147p	312.5	-
Hawker Sid	♥	12½	+⅛	14⅛	10⅛	102.5	4.4
Hudson's Bay	♥	1951p	–8	2083p	1495p	982.7	2.7
Imperial Oil	♥	22⅞	—	28½	20⅞	4,337	4.1
Inco		17⅛	–⅛	18½	11⅛	1,880	1.8
Nova Corp Alberta		459p	—	627p	410p	1,308	2.7
Rio Algom	♥	1107p	–6	1138p	830p	494.2	2.7
Royal Bk Can.		1384p	—	1492p	1125p	4,344	4.2
TVX Gold	♥	429p	–9	469p	129½p	575.0	-
Toronto-Dom		1018p	–17	1142p	753p	3,058	3.8
Trans Can Ppe	♥	881p	+6	1118p	847p	1,736	4.3

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS - Cont.

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING-AEROSPACE

[illegible]

ENGINEERING-GENERAL

[illegible]

ENGINEERING-GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

INVESTMENT COMPANIES

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- Not officially UK listed; dealings permitted under rule 535(4)(a)
- Free annual/interim report available, see details below.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- Merger bid or reorganisation in progress
- Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,235 a year for each security shown, subject to the Editor's discretion.

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring 081 770 0770 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT8633. [If calling from outside UK, dial +44 81 770 0770 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✡) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Sun Life Trust Mngmt Ltd - Contd.

[illegible]

Swiss Life Unit Tst Man Co Ltd (1200)F

Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex

[illegible]

TSB Unit Trusts (1200)F

Charlton Pl, Andover, Hants. SP10 1RE

[illegible]

Rothschild Asset Management

J. Rothschild Fund Managers Ltd.

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

Black Horse Life Assurance - Contd.

[illegible]

Britannia Life Assurance

50 Bothwell Street, Glasgow G2 6HR 041-248 2000

[illegible]

Consolidated Life Assurance Co Ltd

[illegible]

Crown Financial Management Ltd

[illegible]

Guardian Royal Exchange - Contd.

[illegible]

Life Association of Scotland

[illegible]

Mercury Life Assurance Co Ltd - Contd.

[illegible]

Prosperity Life Assurance Ltd

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Heritage Life Assurance Ltd - Contd.				
Invesco Mngd				
European Smaller	177.3	186.7	+0.7	-
Sth & East Asia Gwth	399.1	420.2	+2.6	-
Inc Growth	325.8	343.0		-
Japan Smlr Cos	232.8	245.1	-1.1	-
Man Growth	263.9	278.8	+0.2	-
Gilt	89.0	93.7	-	-
Personal Funds				
International Growth	171.2	180.3	+0.7	-
American Growth	216.1	227.5	-0.8	-
Intl Emerging Cos	259.9	273.6	+18.0	-
European	197.3	207.7	+0.9	-
Managed	198.9	209.4	+0.4	-
Royal Life Insurance Ltd				
New Hall Place, Liverpool L69 3HS			051-239 3000	
Royal Shield Fd.	945.90	1000.9	-	-
Royal Life (Unit Linked Assurances) Ltd				
Managed Fund	382.10	402.2	-	-
Equity Fund	645.30	674.00	-2.1	-
Property Fund	296.90	312.50	-	-
International Fund	470.0	494.7	+1.0	-
Gilt Fund	382.7	402.80	-0.1	-
Money Fund	216.90	227.20	-	-
United States Fund	248.20	261.20	-0.5	-
Pacific Basin	292.90	308.30	+1.2	-
Royal Life (Unit Lnkd. Pension Fnds) Ltd				
Exempt Man Fd Acc	468.7	493.30	+0.4	-
Exempt Equity Fd Acc	822.3	865.50	+1.6	-
Exempt Prop Fd Acc	307.60	323.80	+0.1	-
Exempt Intl Fd Acc	789.10	830.50	+1.9	-
Exempt Gilt Fd Acc	455.60	479.60	-0.1	-
Exempt Money Fd Acc	296.0	311.5	+0.1	-
Royal Liver Assurance				
Royal Liver Building, Liverpool, L3 1HT.			051-236 1451	
UK Equity	80.8	85.0	-1.8	-
Global Equity	80.3	83.6	-0.7	-
High Yield	77.3	81.4	+1.2	-
Intl Equity	86.0	90.5	-0.8	-
Fixed Interest	82.7	87.0	+0.3	-
Money	75.7	79.7	-	-
Managed	82.4	86.7	+1.4	-
Pensions				
UK Equity	87.6	92.6	+2.5	-
Global Equity	83.4	88.7	-	-
High Yield	89.3	94.0	+1.7	-
Intl Equity	95.2	100.2	+1.1	-
Fixed Interest	99.5	104.7	+0.5	-
Money	93.6	98.5	+0.1	-
Managed	82.6	87.4	+1.6	-
Tax Exempt				
Tax Exempt Mgd	70.2	73.9	+1.7	-
S-E-Banken Life Assurance Co Ltd				
149-151 High Rd, Chadwell Hth RM6 6PJ			081-597 7566	
Managed Fund	155.8	164.1	-0.6	-
Pension Mngd Fd	173.1	182.3	-0.6	-
Save & Prosper Group (z)				

	Bid Price	Offer Price	+ or -	Yield Gross
Scottish Widows' Group				
PO Box 902, Edinburgh EH16 5BU			031-655 6000	
Inv Pol 1 Dec 22	971.5	971.5	-3.4	-
Inv Pol 2 Dec 22	886.0	931.7	-3.2	-
Inv Pol 3 Dec 22	849.9	894.8	-3.1	-
Inv Pol Cash Ser 2 Dec 22	304.3	320.4	+0.2	-
Inv Pol Cash Ser 3 Dec 22	300.9	316.8	+0.2	-
Mixed Fund	480.1	494.4	+0.3	-
Equity Fund	544.7	573.6	+1.6	-
Property Fund	218.4	230.0	-	-
International Fund	490.6	516.6	+1.2	-
Fixed Int. Fund	401.5	422.7	+0.1	-
Index Stk. Fd.	211.3	222.6	+0.4	-
Cash Fd.	221.3	233.0	-	-
Pens. Mixed Fd. Ord.	617.2	649.8	+1.5	-
Pens. Equity Fd. Ord.	735.4	774.2	+1.8	-
Pens. Prop. Fd. Ord.	295.3	310.9	-	-
Pens. Intl. Fd. Ord.	635.1	668.7	+2.2	-
Pens.Fxd.Int.Fd.Ord.	601.1	632.8	+0.6	-
Pens Ind.Stk.Fd.Ord.	249.0	262.2	+0.4	-
Pen. Cash Fd. Ord.	337.7	355.6	-	-
Building Society	97.2	102.4	-	-
PM Man	3035.4	3035.4	+0.2	-
PM St Eq	3225.3	3225.3	+0.3	-
PM St Ex Eq	137.9	137.9	-	-
PM St Ex Fl	152.8	152.8	+0.7	-
PM Property	270.0	270.0	+0.1	-
PM Pens Protection	213.7	213.7	-0.2	-
PM IL Protection	132.2	132.2	-0.1	-
PM Cash	364.9	364.9	-	-
Skandia Life Assurance Co Ltd (z)				
Skandia Hse, Portland Terr, Southampton			0703 334411	
Skandia Price Line 0800 181386				
Life Managed Funds				
Skandia Cautious	145.4	153.0	-	-
Skandia Balanced	375.2	394.9	+0.3	-
Skandia Distribution	117.5	123.6	-	-
Skandia Ethical Selection	118.8	125.0	+0.2	-
Skandia Deposit	259.4	273.0	+0.1	-
Abtrust Managed	130.5	137.3	+0.3	-
Baring Managed	142.1	149.5	+0.2	-
CU Managed	243.0	255.7	+0.5	-
Fidelity Managed	203.3	213.9	+0.1	-
Fleming Managed Inv Tst	142.2	149.6	+0.2	-
F & C Investment Trust	183.6	193.2	+0.8	-
Framlington Managed	230.9	243.0	+0.1	-
Gartmore Managed	263.2	277.0	+1.2	-
Henderson Managed	262.8	276.4	+0.8	-
Hill Samuel Managed	234.3	246.6	+0.5	-
Invesco Managed	202.7	213.3	+0.7	-
James Capel Core Mngd	139.9	147.2	+0.3	-
Kleinwort Benson Mngd	138.5	145.7	-0.1	-
Martin Currie Mngd	152.6	160.6	-0.4	-
Morgan Grenfell Mngd	155.6	163.6	+0.4	-
Murray Johnstone Managed	156.8	165.0	+0.1	-
Perpetual Managed	220.1	231.6	+0.4	-
Schroder Managed	137.4	144.6	-0.1	-
Pension Managed Funds				
Skandia Cautious	180.3	189.7	+0.1	-

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Bid Price	Offer Price	+ or -	Yield Gross
Citibank - Contd.				
Bond Funds				
HYB (A) Dec 20				
Citibank N.A.				
Libra 2000 Oct 31	$134.37		+7.92	
Libra 2000 Ind Oct 31	$134.37		+7.92	
Coutts & Co (Jersey) Fund Managers Ltd				
EBC Fund Managers (Jersey) Ltd				
EBC Traded Currency Fund Ltd*				
Income	$14.93	14.945		
Capital	$22.84	23.535	-0.01	1.26
*Offer price includes 3% prelim. charge				
Fleming Group				
Robert Fleming Management (Jersey) Ltd				
Foreign & Colonial Mngmt (Jersey) Ltd				
Hypo Foreign & Colonial Reserve Asset Fd Ltd				
US$ Cash	$11.150		+0.001	
Sterling Cash	£13.228			
US$ Bonds	$16.980			
Multicurrency Bonds	$22.776		+0.029	
Sterling Bonds	£17.737		+0.008	
D Mark Bonds	DM12.037		-0.007	
European Bonds	Ecu14.853			
UK Equities	£14.044		+0.026	
US Equities	$18.604		+0.047	
Japanese Equities	Y575.0		+0.045	
Contl Euro Equities	DM21.313		-1.1	
Gold	$11.259			
Protected Capital Plus A	£11.327			
Protected Capital Plus B	£11.155			
Greece Fund Ltd				
NAV Dec 16	$20.33			
John Govett Management (Jersey) Ltd				

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

MARKETS REPORT

Belgium cuts rates

Helped by the continued strength of its currency against the D-Mark, Belgium yesterday joined the Netherlands and Denmark in the latest round of European interest rate cuts, *writes Conner Middelmann.*

The Belgian central bank shaved 10 basis points off its key central rate to 7.40 per cent and lowered its overnight lending rate by 10 basis points to 9.10 per cent.

On Tuesday, the Dutch central bank cut its special advances rate by 10 basis points to 5.70 per cent and the Danes lowered their discount rate by 25 basis points. Following Tuesday's discount-rate cut, the Danish central bank yesterday cut its key rate for two-week securities repurchase agreements by 25 basis points to 6.75 per cent.

All three currencies remained buoyant against the D-Mark on widespread hopes that the rate cuts would spur economic recovery.

Within the European exchange-rate mechanism, the Belgian and French francs are now back in their former 2.25 per cent trading bands against the D-Mark while the Danish krone is hovering just below the floor.

The Belgian franc firmed to BFr20.73 per D-Mark, from Tuesday's close of BFr20.76.

The Danish krone continued to firm against the D-Mark and closed at DKr3.904, up from DKr3.910 on Tuesday.

The Dutch guilder firmed to Fl111.97 per DM100 from Fl112.0 on Tuesday.

● The Canadian dollar had a bumpy ride, dropping sharply on rumours that Bank of Canada governor John Crow was about to resign and then jumping on the news that Gordon Thiessen, currently the bank's senior deputy governor, would become central bank governor in January when Crow's seven-year appointment ends.

Crow is widely respected for his tough anti-inflation stance and his rumoured departure sparked fears that the new government might soften its committment to low inflation in favour of inflating the economy. However, Thiessen's appointment calmed market fears of a laxer policy.

"Thiessen will follow the same policies as his predecessor," said Mr Adrian Cunningham, senior currency analyst at UBS, noting that Thiessen has been with the bank for 30 years and is the joint architect of the disinflation policy that has brought Canadian inflation to historical lows.

In the morning, the Canadian dollar slumped as low as C$1.3482 to the US dollar, at which point traders reported intervention by the Bank of Canada to smoothe the currency. After Thiessen's appointment was announced, the currency rose to C$1.3370. Late in London it was trading aroundC$1.335.

Canada's Finance Minister Paul Martin also said the government remained committed to a low inflation policy aiming at a 1-3 per cent inflation range from 1995 to 1998.

● Meanwhile, the US dollar retraced some of its recent gains against the Japanese yen, closing at at Y110.55, down from Y111.05 on Tuesday. Although most market observers expect the dollar to continue appreciating against the yen in the coming months, many expect it to range-trade between Y110.50 and Y112 in the near term.

The dollar's drop was attributed mainly to profit-taking in anaemic trading conditions. "The market is very, very thin and it doesn't take much to move prices," said a London currency dealer.

Tuesday's meeting of the Federal Reserve's Open Market Committee (FOMC) also put a slight damper on the US currency, *with the Fed seen sticking to its neutral policy stance for now.*

"Their open-market operations (following the meeting) highlighted that they're not moving to a tighter policy stance just yet," said UBS's Mr Cunningham.

Against the D-Mark, the dollar fell as low as DM1.6978 before recouping some of its losses to close at DM1.7020, down from DM1.7080 on Tuesday.

● The Swiss franc continued strengthening against the D-Mark, breaching technical resistance at SFr0.8470 and firming to SFr0.8433. It ended at SFr0.845, down from SFr0.849 at Tuesday's close. Traders said the move was made possible by thin volumes in quiet pre-Christmas trading.

According to one London trader the franc is unlikely to strengthen above SFr0.840 against the D-Mark, and looking to next year, he expects it to weaken back to around SFr0.86/87 in the first quarter as the Swiss central bank continues its cautious easing policy.

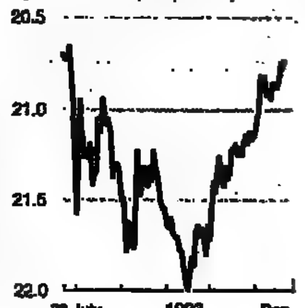
● The US dollar's weakness enabled Sterling to break through resistance at $1.490 to end at $1.4950. It ended little changed against the D-Mark at DM2.5450, up from DM2.5425 on Tuesday.

In the money market, the March short sterling futures contract rose by 0.04 point to 94.78. The contract looked cheap after Tuesday's sell-off, a money dealer said.

The Bank of England initially announced a £1.7bn shortage which was later revised downwards to £1.25bn. In early operations the Bank purchased bills totalling £341m, followed by further morning operations where it bought £492m of bills. In the afternoon it purchased another £27m of bills, and finally provided late assistance of around £415m.

Belgian franc

Against the DM (BFr per DM)



Source: Datastream

■ Pound in New York

Dec 22	—Latest—	— Prev. close —
£ spot	1.4935	1.4885
1 mth	1.4904	1.4852
3 mth	1.4858	1.4804
1 yr	1.4730	1.4680

POUND SPOT FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

[illegible]

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Dec.22		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.83	16.42	4.825	1.983	4708	5.399	20.91	492.7	395.6	23.43	4.076	1.896	3.788	2.834	313.4	2.485
Denmark	(DKr)	53.10	10	8.720	2.562	1.053	2500	2.867	11.10	261.6	210.1	12.44	2.164	1.007	2.011	1.505	166.4	1.326
France	(FFr)	60.89	11.47	10	2.938	1.207	2867	3.288	12.73	300.0	240.9	14.27	2.482	1.154	2.306	1.726	190.8	1.519
Germany	(DM)	20.73	3.904	3.404	1	0.411	976.0	1.119	4.334	102.1	82.00	4.857	0.845	0.393	0.785	0.587	64.95	0.517
Ireland	(I£)	50.43	9.498	8.282	2.433	1	2375	2.723	10.54	248.5	199.5	11.82	2.055	0.956	1.910	1.429	158.0	1.258
Italy	(L)	2.124	0.400	0.349	0.102	0.042	100.	0.115	0.444	10.46	8.402	0.498	0.087	0.040	0.080	0.060	6.655	0.053
Netherlands	(Fl)	18.52	3.488	3.042	0.894	0.367	872.2	1	3.873	91.25	73.28	4.340	0.755	0.351	0.702	0.525	58.04	0.462
Norway	(NKr)	47.82	9.007	7.854	2.307	0.948	2252	2.582	10	235.6	189.2	11.21	1.949	0.907	1.811	1.355	149.9	1.193
Portugal	(Es)	20.30	3.823	3.333	0.979	0.402	955.8	1.096	4.244	100.	80.30	4.758	0.827	0.385	0.769	0.575	63.60	0.506
Spain	(Pta)	25.28	4.760	4.151	1.219	0.501	1190	1.365	5.285	124.5	100.	5.922	1.030	0.479	0.957	0.716	79.20	0.631
Sweden	(SKr)	42.68	8.038	7.009	2.059	0.846	2010	2.304	8.924	210.3	168.9	10	1.739	0.809	1.617	1.210	133.7	1.065
Switzerland	(SFr)	24.53	4.621	4.029	1.184	0.487	1155	1.325	5.130	120.9	97.07	5.749	1	0.465	0.929	0.695	76.88	0.612
UK	(£)	52.75	9.935	8.663	2.545	1.046	2484	2.848	11.03	259.9	208.7	12.36	2.150	1	1.998	1.496	165.3	1.316
Canada	(C$)	26.40	4.972	4.336	1.274	0.524	1243	1.425	5.521	130.1	104.5	6.186	1.076	0.501	1	0.748	82.73	0.659
US	($)	35.28	6.645	5.795	1.702	0.700	1662	1.905	7.378	173.8	139.6	8.268	1.438	0.669	1.336	1	110.6	0.880
Japan	(Y)	319.1	60.10	52.41	15.40	6.328	15027	17.23	66.73	1572	1263	74.77	13.01	6.050	12.09	9.044	1000.	7.961
Ecu		40.08	7.549	6.583	1.934	0.795	1888	2.164	8.381	197.5	158.6	9.392	1.634	0.760	1.518	1.136	125.6	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.5811	0.5830	+0.0019	0.5836	0.5811	21,015	113,314
Jun	0.5800	0.5798	+0.0018	0.5800	0.5798	515	3,128
Sep	[illegible]						

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.9021	0.9002	-0.0017	0.9040	0.8985	17,367	98,058
Jun	0.9033	0.9043	-0.0015	0.9047	0.9028	626	3,347
Sep	[illegible]						

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

[illegible]

■ STERLING FUTURES (IMM) £62,500 per £

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

[illegible]

WORLD INTEREST RATES

MONEY RATES

[illegible]

EURO CURRENCY INTEREST RATES

[illegible]

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

[illegible]

■ THREE MONTH EURODOLLAR (LIFFE) $1m points of 100%

[illegible]

■ THREE MONTH EUROMARK FUTURES (LIFFE) DM1m points of 100%

[illegible]

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

[illegible]

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

[illegible]

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

[illegible]

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

[illegible]

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

[illegible]

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

[illegible]

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

[illegible]

UK INTEREST RATES

LONDON MONEY RATES

[illegible]

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.75	94.77	+0.03	94.78	94.74	12530	117848
Jun	[illegible]						96143
Sep	95.01	95.00	+0.01	95.04	94.98	6215	50991
Dec	95.02	95.00	-	95.02	94.99	2474	46173

Traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9475	0.16	0.36	0.46	0.14	0.15	0.21
9500	0.07	0.21	0.30	0.30	0.25	0.30
9525	0.02	0.11	0.15	0.50	0.40	0.44

Est. vol. total, Calls 4235 Puts 2822. Previous day's open int., Calls 90822 Puts 68840

BASE LENDING RATES

	%		%		%
Adam & Company	5.5	Duncan Lawrie	5.5	* Roxburghe Bank Ltd is no longer authorised as a banking institution.	8
Allied Trust Bank	5.5	Exeter Bank Limited	7	Royal Bk of Scotland	5.5
AIB Bank	5.5	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.5
●Henry Ansbacher	5.5	●Robert Fleming & Co	5.5	Standard Chartered	5.5
Bank of Baroda	5.5	Girobank	5.5	TSB	5.5
Banco Bilbao Vizcaya	5.5	●Guinness Mahon	5.5	●United Bk of Kuwait	5.5
Bank of Cyprus	5.5	Habib Bank AG Zurich	5.5	Unity Trust Bank Plc	5.5
Bank of Ireland	5.5	●Hambros Bank	5.5	Western Trust	5.5
Bank of India	5.5	Heritable & Gen Inv Bk	5.5	Whiteaway Laidlaw	5.5
Bank of Scotland	5.5	●Hill Samuel	5.5	▸ Wimbledon & Sth West.	7
Barclays Bank	5.5	C. Hoare & Co	5.5	Yorkshire Bank	5.5
Brit Bk of Mid East	5.5	Hongkong & Shanghai	5.5		
●Brown Shipley	5.5	Julian Hodge Bank	5.5		
CL Bank Nederland	5.5	●Leopold Joseph & Sons	5.5		
Citibank NA	5.5	Lloyds Bank	5.5		
City Merchants Bank	5.5	Meghraj Bank Ltd	5.5		
Clydesdale Bank	5.5	Midland Bank	5.5		
The Co-operative Bank	5.5	* Mount Banking	6		
Coutts & Co	5.5	NatWestminster	5.5		
Credit Lyonnais	5.5	●Rea Brothers	5.5		
Cyprus Popular Bank	5.5				

● Members of British Merchant Banking & Securities Houses Association

▸ In administration

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

هكذا من الاصل

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Dec 22 / Sch)

BELGIUM/LUXEMBOURG (Dec 22 / Frs.)

DENMARK (Dec 22 / Kr)

FINLAND (Dec 22 / Mka)

FRANCE (Dec 22 / Frs.)

GERMANY (Dec 22 / Dm.)

ITALY (Dec 22 / Lire)

NETHERLANDS (Dec 22 / Fls.)

NORWAY (Dec 22 / Kroner)

SPAIN (Dec 22 / Pts.)

SWEDEN (Dec 22 / Kronor)

SWITZERLAND (Dec 22 / Frs.)

PACIFIC

JAPAN (Dec 22 / Yen)

HONG KONG (Dec 22 / H.K.$)

MALAYSIA (Dec 22 / MYR)

SINGAPORE (Dec 22 / S$)

AUSTRALIA (Dec 22 / Aust$)

NORTH AMERICA

CANADA

TORONTO (Dec 22 / Can $) 4 pm close

MONTREAL (Dec 22 / Can $) 4 pm close

AFRICA

SOUTH AFRICA (Dec 22 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1993. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Wednesday, December 22, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Oki Elect	10.2m	510	+38	Ito Yokado	3.2m	5,410	
Nippon F&M Ins	10.1m	717	-13	NEC	2.9m	857	-3
Hanwa	7.3m	630	-20	Kobe Steel	2.9m	258	+5
Fujitsu	4.1m	834	+9	NKK	2.8m	238	-1
Kawasaki Hvy	3.9m	350	+20	Nippon Steel	2.8m	300	+4

INDICES

	Dec 22	Dec 21	Dec 20	1993 High		1993 Low	
Argentina							
General (29/12/77)	(u)	19225.6	19076.6	19225.90	21/12	12187.86	8/6
Australia							
All Ordinaries(1/1/80)	2053.2	2067.0	2078.0	2132.40	1/11	1495.08	13/1
All Mining(1/1/80)	981.1	982.3	980.0	992.20	21/12	594.70	13/1
Austria							
Credit Aktien(30/12/84)	415.02	415.04	418.99	424.59	2/11	300.28	14/1
Traded Index(2/1/91)	1077.40	1075.40	1079.61	1098.86	12/12	712.08	15/1
Belgium							
BEL20 (1/1/91)	1442.40	1433.58	1428.54	1442.40	22/12	1125.46	4/1
Brazil							
Bovespa (29/12/83)	(u)	33980.0	30999.0	87300.00	25/5	714.72	4/1
Canada							
Metals Mnls ♦(1975)	(u)	3415.28	3414.16	3501.87	13/12	2743.31	21/1
Composite♦ (1975)	(u)	4214.73	4223.64	4307.78	8/12	3275.89	21/1
Portfolio§§ (4/1/83)	(u)	2013.92	2024.63	2098.08	13/12	1720.97	21/1
Chile							
IPGA Gen (31/12/80)	(u)	3681.1	3629.3	3681.10	21/12	2812.59	10/5
Denmark							
CopenhagenSE(3/1/83)	351.18	347.28	345.48	358.14	4/11	281.80	4/1
Finland							
HEX General(28/12/90)	1557.6	1548.9	1536.5	1607.70	3/11	843.10	22/1
France							
SBF 250 (31/12/90)	1471.77	1467.16	1467.86	1471.77	22/12	1114.19	28/1
CAC 40(31/12/87)	2225.79	2215.86	2223.47	2231.88	22/10	1772.21	29/1
Germany							
FAZ Aktien(31/12/58)	835.00	832.04	828.88	835.09	22/12	598.82	14/1
Commerzbank(1/12/53)	2391.3	2383.1	2373.1	2391.30	22/12	1694.30	14/1
DAX (30/12/87)‡	2197.51	2182.93	2178.16	2197.51	22/12	1516.80	13/1
Greece							
Athens SE(31/12/80)	903.81	896.83	910.94	944.44	13/8	667.72	5/1
Hong Kong							
Hang Seng(31/7/64)	10707.96	10524.28	10814.78	10814.78	20/12	5437.80	4/1
India							
BSE Sens.(1979)	3401.9	3454.8	3401.9	3454.80	13/12	2108.67	23/4
Indonesia							
Jakarta Comp.(10/8/82)	550.07	552.20	552.80	558.96	17/12	273.31	6/1
Ireland							
ISEQ Overall(4/1/88)	1844.70	1854.05	1857.11	1857.11	20/12	1191.19	11/1
Italy							
Banca Comm Ital (1972)	619.46	610.43	606.01	632.86	30/8	448.33	8/1
MIB General (4/1/93)	1356.0	1338.0	1330.0	1399.00	30/8	992.00	11/1
Japan							
Nikkei 225 (16/5/49)	17445.74	17315.43	17404.24	21148.11	13/9	16078.71	29/11
Nikkei 300 (1/10/82)	269.29	268.46	268.21	306.84	10/11	249.64	29/11
Topix (4/1/68)	1450.37	1445.73	1447.25	1698.67	3/9	1250.06	25/1
2nd Section (4/1/68)	1883.93	1877.51	1898.15	2384.97	7/9	1681.72	26/1
Malaysia							
KLSE Comp.(4/4/86)	1121.38	1096.61	1098.08	1121.38	22/12	614.28	13/1
Mexico							
IPC (Nov 1978)	(u)	2479.73	2491.02	2491.82	21/12	1504.16	25/2
Netherlands							
CBS TtlRtnGen(End 83)	425.5	424.3	426.3	428.50	22/12	285.70	4/1
CBS All Shr (End 83)	276.4	275.0	276.3	276.40	22/12	198.80	13/1
New Zealand							
Cap. 40 (1/7/86)	2071.78	2046.97	2073.24	2203.88	2/11	1485.37	21/1
Norway							
Oslo SE(Ind)(2/1/83)	1018.34	1005.20	1002.37	1036.73	18/11	669.93	27/1
Philippines							
Manila Comp (2/1/85)	2897.83	2836.28†	2808.80	2897.83	22/12	1270.58	4/1
Portugal							
BTA (1977)	2588.6	2592.8	2590.1	2688.00	8/9	1898.20	14/1
Singapore							
SES All-S'pore(2/4/75)	600.96	600.04	590.36	601.82	17/12	384.10	13/1
South Africa							
JSE Gold (28/9/78)	2072.0♥	2106.0	2146.0	2153.00	14/12	776.00	5/1
JSE Ind. (28/9/78)	5194.0♥	5171.0	5171.0	5194.00	22/12	4328.00	19/4
South Korea							
KoreaCompEx(4/1/80)**	868.60	865.79	848.63	874.15	17/12	605.93	6/3
Spain							
Madrid SE (30/12/85)	317.84	316.58	314.22	317.84	22/12	215.60	4/1
Sweden							
AffarsvarldsGen (1/2/37)	317.84	1372.6	1370.3	1435.10	4/11	317.84	22/12
Switzerland							
Swiss Bk Ind (31/12/58)	1288.82	1278.74	1273.25	1286.82	22/12	804.00	11/1
SBC General (1/4/87)	1003.72	995.91	991.08	1003.72	22/12	626.70	11/1
Taiwan							
WeightedPr.(30/6/66)**	5474.75	5245.87	5204.02	5474.75	22/12	3098.42	9/1
Thailand							
Bangkok SET (30/4/75)	1523.75	1507.23	1498.71	1523.75	22/12	818.84	1/6
Turkey							
Istanbul Comp.(Jan 1986)	19778.1	19410.9	19217.7	19778.10	22/12	3855.53	1/1
WORLD							
MS Capital Int (1/1/70)$	585.9*	593.5	593.7	607.10	15/10	489.90	13/1
CROSS-BORDER							
Eurotrack 100(26/10/90)	1451.64	1442.03	1437.37	1451.64	22/12	1083.02	13/1
Euro Top-100 (26/6/90)	1217.00	1208.27	1206.04	1217.00	22/12	882.73	13/1
JCapeDrgns (31/12/88)	(u)	345.98	350.89	350.89	21/12	188.92	4/1
Barings Emerg.(7/1/92)	158.31	156.34	155.49	158.31	22/12	99.91	4/2

** Sat Dec 18: Taiwan Weighted Price 5202.14; Korea Comp Ex 854.00. Base values of all indices are 100 except Australia All Ordinary and Mining - 500, Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - at 1,000; JSE Gold - 255.7; JSE 25 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Dec 22 - 2209.17 +25.99.

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
Dec	2226.0	2235.0	+10.0	2243.0	2222.0	17,814	27,578
Jan	2235.5	2246.5	+10.0	2253.0	2235.0	3,593	20,378
Feb	2247.5	2258.5	+10.0	2247.5	2247.5	1	150
Mar	2264.0	2269.5	+9.5	2278.0	2263.5	1,775	28,212

Open interest figures for previous day.

US INDICES

Dow Jones	Dec 21	Dec 20	Dec 17	1993 High	1993 Low	Since compilation High	Since compilation Low
Industrials	3745.15	3755.21	3751.57	3764.43 (13/12)	3241.95 (20/1)	3764.43 (13/12/93)	41.22 (2/7/32)
Home Bonds	111.16	111.18	110.86	111.29 (10/12)	105.49 (11/1)	111.29 (10/12/93)	54.99 (1/10/81)
Transport	1750.95	1748.80	1754.17	1771.95 (13/12)	1453.84 (4/1)	1771.95 (13/12/93)	12.32 (8/7/32)
Utilities	228.12	227.85	227.86	256.46 (31/8)	217.14 (8/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3774.77 (3777.04) Low 3719.72 (3728.66) (Theoretical♦)
Day's high 3768.04 (3760.52) Low 3736.76 (3742.91) (Actual♦)

Standard and Poors	Dec 21	Dec 20	Dec 17	1993 High	1993 Low	Since compilation High	Since compilation Low
Composite ‡	465.30	465.85	466.38	468.50 (15/10)	429.05 (8/1)	468.50 (15/10/93)	4.40 (1/6/32)
Industrials♥	538.97	537.31	538.30	540.25 (18/11)	496.48 (26/4)	540.25 (18/11/93)	3.62 (21/6/32)
Financial	44.45	44.78	44.61	48.40 (28/9)	39.89 (8/1)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	257.14	257.59	257.79	260.48 (15/10)	236.21 (8/1)	260.48 (15/10/93)	4.46 (25/4/42)
Amex Mkt Val	460.77	464.08	464.20	484.28 (2/11)	395.84 (8/1)	484.28 (2/11/93)	29.31 (9/12/72)
NASDAQ Cmp	755.63	760.15	759.23	787.42 (15/10)	645.87 (26/4)	787.42 (15/10/93)	54.87 (31/10/72)

■ RATIOS

	Dec 10	Dec 3	Nov 26	Year ago
Dow Jones Ind. Div. Yield	2.67	2.70	2.71	3.12
	Dec 15	Dec 8	Dec 1	Year ago
S & P Ind. Div. yield	2.45	2.39	2.41	2.58
S & P Ind. P/E ratio	27.16	27.41	27.08	26.78

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Mar	466.70	467.00	+0.20	467.00	466.55	26,742	174,356
Jun	-	-	-	-	-	-	-
Sep	-	-	-	-	-	-	-

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Close price	Change on day
Borden	3,823,300	19⅝	+½
RJR Nabisco	3,381,400	6⅞	+⅛
Paramount	3,141,300	80⅞	-1⅜
Merry Go Rd	3,108,500	1⅝	-⅛
Telefonos	2,807,800	63½	—
K Mart	2,783,700	21⅝	-⅛
Merck	2,645,900	34	+⅛
Gen Motors	2,482,000	54⅞	+⅛
Wal-Mart	2,479,000	26⅝	-⅛
Pactel	2,374,800	24½	-⅛

■ TRADING ACTIVITY

● Volume (million)

	Dec 21	Dec 20	Dec 17
New York SE	286.593	249.933	357.031
Amex	18.189	17.896	19.108
NASDAQ	(u)	268.184	310.827
NYSE			
Issues Traded	2,718	2,726	2,702
Rises	892	988	1,485
Falls	1,205	1,130	646
Unchanged	621	608	581
New Highs	75	82	78
New Lows	67	40	44

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

4 pm close December 22

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
15	11½	AAR	0.48	3.4	470	50	14⅜	14⅛	14⅛	-⅛
29⅜	12¾	A L Labs A	0.18	1.3	31	543	13½	13	13½	
67¼	54⅝	AMP	1.60	2.6	21	1125	62⅛	61⅝	62	+⅛
72¾	55½	AMR			52	2023	66⅞	65¼	66¾	+⅝
3⅞	1¾	ARX			14	131	3⅝	3½	3½	-⅛
51½	29⅞	ASA	2.00	4.2	31	490	48	46⅞	47⅞	
30¾	22⅝	AbbotL	0.68	2.3	18	8203	29½	28⅝	29⅜	+½
12⅝	8¾	Abitibi Pr	0.50	4.3	7	14	11½	11½	11½	-⅛
15⅝	8¼	Acpitncdn			19	98	11¾	11⅜	11⅝	-⅛
36	25½	ACE Ltd	0.40	1.4	5	103	28¾	28⅛	28½	+⅛
12¼	10⅝	ACM Grt In	1.09	9.0		183	u12¼	12⅛	12⅛	
10⅛	9⅛	ACM GrOpp	0.80	8.3		55	9⅝	9⅜	9⅝	-⅛
10⅜	8¾	ACM Gvt Sp	0.96	9.5		239	10⅛	10	10⅛	
12	10½	ACM Gvt Se	1.09	9.2		244	11⅞	11¾	11⅞	
12¼	9⅝	ACM Man	1.08	9.7		801	11⅛	11	11⅛	+⅛
9⅜	8⅝	ACM Managd	0.72	8.0		65	9⅛	9	9	
12⅝	7¾	AcmeClv	0.44	4.6	12	97	9¾	9½	9⅝	+⅛
11⅜	6⅜	Acme Elect			37	47	8¼	8⅛	8¼	-⅛
27⅝	18⅞	Acordia	0.44	1.9	13	71	23⅜	23⅛	23⅜	-⅛
16	10⅜	Acuson			57	288	13	12¾	12¾	-⅛
21¾	17¾	Adams Expr	0.52	2.9	0	86	18⅛	18	18⅛	+⅛
65¼	45½	Ad Micro	3.00	6.4		60	47⅛	47	47	
32¾	17	AdvMic	3.00	17.3	6	6015	17⅜	17¼	17⅜	+⅛
8⅜	5½	Advest Grp	0.16	2.5	11	240	6½	6⅜	6⅜	-⅛
24⅜	14¾	Advo Inc	0.08	0.5	82	69	17⅜	17	17¼	+⅛
55⅞	47⅛	Aegon ADR	1.23	2.1	12	60	u58½	58	58	+2¼
65¼	43⅝	Aetna L	2.76	4.7	25	1618	59⅞	58⅞	59¼	-¼
34	24¾	Aflac	0.40	1.5	12	1970	28	27	27¼	-1
22⅛	16¾	Ahmanson	0.88	4.5	9	2286	19¾	19	19⅜	+⅜
7¾	3⅝	Aileen Inc			5	189	4⅛	3⅞	3⅞	
46½	37½	AirPrC	0.82	2.0	25	1676	45⅝	45	45¼	-⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- B -

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- I -

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- L -

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- M -

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NYSE COMPOSITE PRICES

4 pm close December 22

Continued from previous page

High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Chng. Prev. Close
16⅝	12⅞	Zero	0.40	2.4	20	94	16⅝	16¼	16⅝	
40¾	25⅝	Zurn Ind	0.88	3.4	56	319	26⅝	25⅞	26⅛	+¼
13⅞	12⅝	Zweig Fund	1.20	8.7		254	u13⅞	13¾	13⅞	-⅛
10⅞	9⅝	Zweig Totl	0.96	8.9		728	10⅝	10⅝	10¾	+⅛

Price data supplied by Telekurs

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-when distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4 pm close December 22

NASDAQ NATIONAL MARKET

4 pm close December 22

FINANCIAL TIMES Thursday December 23 1993

AMERICA

Limited gains in blue chips elevate Dow

Wall Street

With prices firming on the bond market, US stocks gained some ground yesterday morning, but the advance was mostly limited to a few blue-chip issues, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 6.70 ahead at 3,751.85, while the more broadly based Standard & Poor's 500 barely edged into positive territory with a 0.29 gain to 465.59. In the secondary markets, the American SE composite was 2.58 higher at 463.35, but the Nasdaq composite slipped 0.83 to 754.80.

Activity on the NYSE was moderate, with 149m shares traded by 1 pm. Declining issues led advances, 1,015 to 929.

The day's only fresh economic news was a rather stale morsel for equities. The Commerce Department said that it had revised its estimate of third-quarter GDP to a seasonally adjusted annual growth rate of 2.9 per cent, from an earlier figure of 2.7 per cent.

Rather than looking so far behind, investors are now more interested in looking ahead to the prospects of sustained growth and low inflation in the new year. Likewise, the US Treasury market ignored the GDP data. At midday, the long bond was trading modestly higher at 99⅝, with the yield slipping to 6.291 per cent. A better reading on inflationary trends was scheduled for today, when figures on November durable goods orders and personal income and consumption were due.

In the meantime, the choppy, directionless pattern which has emerged on Wall Street this week was in evidence again. A few of the Dow component stocks showed solid gains, but most were flat. Chevron was up $1⅜ at $87½, General Motors $⅛ to $55⅞ and Philip Morris $⅝ to $55½.

Semiconductors were a bright spot, with many issues retracing their recent losses after Prudential Securities raised its rating on Intel, in part because of an expected industry-wide increase in orders. On the Nasdaq, Intel gained $2 to $61¼, while on the NYSE, Texas Instruments climbed $1¼ to $61, Motorola $1⅜ to $88⅝ and National Semiconductor $⅛ to $15⅛.

With the battle to take over Paramount Communications apparently drawing to a climax, QVC was marked down $¾ to $40¼ after the directors of the target company voted to accept its sweetened $10bn bid. Viacom's B shares, the main currency in its rival offer, jumped $4⅛ to $49⅛ while Paramount slipped $⅛ to $80⅞.

Pressure on Oracle Systems was helping push the Nasdaq into negative territory. The stock plunged $4½ to $31¼ in very heavy trading after at least two investment houses downgraded the stock, even although the software concern posted better-than-expected earnings a day earlier.

Canada

Toronto was slightly ahead at midday as gains in most sectors offset a 167.56 fall to 10,585.20 in the precious metal index. The TSE 300 composite index was 1.68 firmer at 4,216.41 in turnover of 29.25m shares. Advancing issues led declines by 323 to 318, with 315 stocks unchanged.

Of Toronto's 14 sub-sectors, 10 were higher at midday, with the oil and gas index 41.34 ahead at 4,254.37.

SOUTH AFRICA

Golds reacted to bullion weakness, the index shedding 34 to 2,072. Industrials added 23 at 5,194 and the overall index 2 at 4,610. De Beers ended R2.25 down at R97.75 after denials that Russia had leaked diamonds on to world markets.

EUROPE

Interest rate considerations take bourses higher

Although the corporate news, especially in Paris, was not inspiring, rate cut hopes extended this week's rally, *writes Our Markets Staff.*

PARIS climbed on renewed hope for interest rate cuts, prompted by the strength of the franc and following the Dutch and Danish interest rate cuts on Tuesday.

The CAC-40 index closed 9.93 higher at 2,225.79 in turnover of FFr5.9bn. However, the outstanding moves of the day were on the downside.

The leisure business looked grim. Club Med fell FFr14, or 4 per cent to FFr321. After hours it said that a big loss in 1992-93 partly reflected local political conditions in Egypt, Senegal, Turkey and the former Yugoslavia, where 14 holiday villages had to be closed.

At Euro Disney, an auditors' report on 1992-93 said that it would need financial support to face its contractual obligations in 1994. Analysts said that there was nothing new in this but the shares fell another FFr1.40 to FFr34.10.

Suez dropped FFr2.20 to FFr340 as the biggest block trade of the day, 1.12m shares, went through the market at a price of FFr331.50.

MADRID, too, was lifted by interest rate talk of interest rate cuts in the near future, the general index rising in spite of late profit-taking to close 1.26 higher at 317.84, in strong turnover of Pta32bn.

MILAN continued higher as expectations of imminent passage of the 1994 budget and growing hopes of an interest rate cut contributed to the positive sentiment. The Comit index added 8.67 to 619.46.

Ferruzzi added L50 to L2,150 and Montedison L50 or 5.8 per cent to L915 in continued response to the launch of their complex capital increases on Tuesday.

Stet, the state telecommunications holding company, rose on speculation that it would follow Banca Commerciale Italiana and Credito Italiano in making savings shares convertible into ordinary shares in the run up to privatisation. Its savings shares rose L73 to L3,392 while the ordinary added L33 to L4,253. Shares in Sip, the domestic telephone operator, climbed L37 to L3,577.

Industrials found support in interest rate expectations. Fiat climbed L35 to L4,403 and Pirelli by L28 to L2,182. Olivetti, strong in recent days on speculation that the company would be awarded Italy's second cellular telephone licence, added another L10 to L2,130.

FRANKFURT climbed on strong trade figures and as the state of Hesse confirmed the slowdown in West German inflation. The DAX index hit a new closing high of 2,197.51, up 12.58, then broke up through 2,200 to end the post bourse at 2,209.17.

Turnover fell from DM10.2bn to DM9.2bn. A large buy order in London took Siemens up DM14 to DM770.50, and another DM5 to DM775.50 in the post-bourse. Allianz fell another DM15 to DM2,920, reflecting the big line in the insurer's stock which came out late last Friday.

German institutions continued to buy defensive stocks. In utilities, RWE rose DM9 to DM504, Veba DM9.50 to DM515 and Viag DM10.20 to DM495.

In steels, Preussag and Thyssen rose DM6 to DM424 and DM3 to DM263.50, benefiting from the positive trade data, while Mannesmann's telecoms prospects saw the latter up another DM7.50 to DM419.80.

Lufthansa continued to be depressed by worries over the implementation of the US-German air traffic treaty signed earlier in the year. The airline lost DM3.50 at DM168.

ZURICH established its fourth consecutive record close, the SMI index adding 24.4 to 2,942.4, with the continued strength of the franc attracting foreign funds hoping for exchange rate gains on further currency appreciation.

Derivative instruments supported some shares. UBS, SFr18 higher at SFr1,384, issued warrants on its own shares, while Bankers Trust set warrants on Ciba-Geigy, whose bearers added SFr8 to SFr920.

However, the strong franc also depressed some export-oriented shares. Brown Boveri shed SFr7 to SFr1,048.

AMSTERDAM saw brisk foreign demand which took the CBS Tendency index 0.9 higher at 146.7.

Publishers were again at the centre of attention. Elsevier gained Fl 4.10 to Fl 177.60 and Wolters Kluwer Fl 3.20 to Fl 122.20, although VNU fell Fl 1.90 to Fl 163.10.

COPENHAGEN staged a solid comeback, casting aside days in the doldrums after the central bank's latest deposit and discount rate cuts to 6.25 per cent which took effect from the opening of trade.

The KFX index added 2.28 or 1.65 per cent to 102.76, in sizeable turnover of SKr692m.

OSLO added 1.1 per cent, supported by by falling interest rates. The all-share index climbed 6.08 to 586.75 in turnover of NKr774m after three-month money market interest rates fell to 5.42 per cent from 5.54 per cent.

Written and edited by William Cochrane and Michael Morgan

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Dec 22 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1443.48	1445.71	1446.27	1445.79	1446.24	1448.10	1450.76	1451.64
FT-SE Eurotrack 200	1511.79	1513.50	1513.04	1513.01	1512.27	1513.06	1516.85	1516.71

	Dec. 21	Dec. 20	Dec. 17	Dec. 16	Dec. 15
FT-SE Eurotrack 100	1442.03	1437.37	1419.34	1407.56	1405.40
FT-SE Eurotrack 200	1508.76	1510.32	1496.75	1483.42	1475.37

Base value 1000 (26/10/90). High/day: 100 - 1451.80; 200 - 1517.08 Low/day: 100 - 1443.46 200 - 1510.40.

ASIA PACIFIC

Overseas buying spurs Taiwan 4.4 per cent ahead

Tokyo

Firm share prices in the electronics sector, led by Oki Electric, brought the Nikkei average up a little ahead of today's national holiday, *writes Emiko Terazono in Tokyo.*

The Nikkei fluctuated within a narrow range before closing 130.31 better at 17,445.74, after a day's low of 17,296.33 and high of 17,453.15. The Topix index of all first section stocks rose 4.64 to 1,450.37, and in London the ISE/Nikkei 50 index edged up 0.37 to 1,194.95.

Sentiment also improved on afternoon reports that Mr Morihiro Hosokawa, the prime minister, may unveil an economic stimulus package along with his speech on political reform tomorrow.

However, many investors remained on the sidelines as uncertainty over the political situation prevailed, and technical trading on the futures market dominated the day. Volume was 280m shares, against 220m. Rises outpaced falls by 587 to 396, with 179 issues unchanged.

The design of the government's package to stimulate the country's financial markets, announced on Tuesday, had little affect on share prices. Along with deregulation measures, the Ministry of Finance will allow the resumption of rights issues, which have been suspended since March 1990.

Although the government hopes that an increase in blue chip issues will attract investors back into the market, traders said the stock market had enough supply already.

Oki Electric, the most active issue of the day, rose Y38 to Y510. Reports that the company may post a pre-tax profit for the current business year to March, instead of a pre-tax loss, encouraged investors.

The yen's fall against the dollar supported some export-orientated high-technology stocks. The Japanese currency closed at a seven-month low of Y111.30 yesterday to the dollar.

TDK moved ahead Y40 to Y3,800 and Victor Y10 to Y820. Automobile issues were also strong, with Suzuki Motor up Y50 at Y1,060 and Honda Motor gaining Y20 at Y1,500.

But some stocks lost steam. Matsushita Electric Industrial closed unchanged at Y1,490 and NEC lost Y3 at Y857.

Hanwa, the steel trader, fell Y20 to Y630. The company, known for the large losses on financial investments it made during the late 1980s, has been facing selling due to worries over financial difficulties. Moody's Investors Service yesterday lowered its credit ratings for the company from BA2 to B1.

In Osaka, the OSE average improved 8.73 to 19,221.65 in volume of 129.3m shares.

Roundup

The region produced another selection of new highs yesterday, with major new issue debuts, so far, failing to make much of a dent in demand.

TAIWAN soared 4.4 per cent to a 29-month high in hectic trade, the weighted index closing 228.88 stronger at 5,474.75 as turnover nearly doubled from T$55.24bn to T$103.92bn.

Financials led the gains, surging 6.6 per cent as signs of foreign buying were used as an excuse to act on bullish domestic sentiment and loose liquidity. Insurance stocks, including Cathay, Fubon and Shinkong, were all the day's limit up.

KUALA LUMPUR saw further speculative buying and renewed institutional interest, the KLSE composite index ending 24.77 higher at a new closing peak of 1,121.38.

Volume swelled to 776m shares from 497.8m and the big winners, again, were rubber and tin stocks driven by takeover rumours.

BANGKOK hit its new high on heavy buying of finance and brokerage houses in the afternoon, and on active trade of the new Telecom Asia listing.

The SET index climbed 16.52 points to 1,523.75 in active trading of Bt24.75bn, with TA, the most active stock on Bt4.32bn turnover, finishing at Bt116 against an initial offer price of Bt55.

HONG KONG talked of bargain hunting, although the 183.68, or 1.75 per cent, gain in the Hang Seng index left it just over 100 points short of Monday's record high – itself 99 per cent higher than the January 4 low for the year.

Turnover was HK$7.66bn against an adjusted HK$9.09bn on Tuesday. The real estate sector, weak on Tuesday, led the gains with Sun Hung Kai Properties putting on HK$4 at HK$61.50.

NEW ZEALAND strengthened after a weak start to close 1.2 per cent ahead, the NZSE-40 index rising 24.81 to 2,071.78 in turnover of NZ$46 million. Telecom rebounded from selling earlier in the week, ending NZ$10 higher at NZ$395.

AUSTRALIA fell as another fall in News Corp triggered profit-taking in most sectors. The All Ordinaries index finished 13.8 lower at 2053.2 in turnover of A$620m.

News Corporation, which dropped 33 cents on Tuesday, fell another 38 cents, or nearly 4 per cent to A$9.32. Investors worried about the US$1.5bn the company paid to broadcast the next four seasons of National Football Conference games in the US.

KARACHI closed lower on profit-taking by jobbers and institutional investors after the steep rises of the past few days, the KSE 100 index falling 14.38 to 2,062.86.

BOMBAY, pensive after the parliamentary report on last year's Rs40bn stock scandal, stayed closed for the seventh successive session due to a brokers' boycott after a ban on forward trading. There was some hope that this issue could be resolved today.

Manila finishes year with flourish

By Michael Morgan

The Philippine equity market, a laggard in recent years, is finishing 1993 with a flourish. The Manila composite index, higher again yesterday, has risen by a cumulative 8.8 per cent this week, for an advance of 24.2 per cent since the start of December and 128.7 per cent since the year began.

The surge has been fuelled by consistently strong foreign demand, projecting a take-off in the economy and corporate profits after two years of zero GDP growth.

Mr David Bates of Asia Equity sees growth of 2½ per cent this year, not less than 4½ per cent in 1994, and more in subsequent years as the World Bank eases its influence on the economy.

The pick-up has accompanied government moves to overcome long standing electricity shortages: a series of new power stations will supplement existing hydro-electric generation and overcome seasonal shortages.

Five stocks account for 90 per cent of the market capitalisation, with PLDT and San Miguel having the highest profiles with overseas investors.

PLDT, traded overnight as an ADR in New York, regularly provides a clue to the local market's subsequent direction. Asia Equity sees deregulation as the key to the imminent exploitation of a vast potential for expansion of the local telecoms market, and a resulting surge in PLDT's performance.

It forecasts earnings per share of 517 pesos fully diluted for the year 2000, adding that a 20 times multiple that year, still low for the sector, would give a share price of 10,340 pesos – more than five times the current value. "Discounted back to today, this gives a current share price valuation of 4,225 pesos – more than twice the current price and 43 times 1994's earnings."

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES

Market	No. of stocks	Dollar terms Dec 17 1993	% Change over week	% Change on Dec '92	Local currency terms Dec 17 1993	% Change over week	% Change on Dec '92
Latin America							
Argentina	(11)	876.04	-0.2	+51.0	537,558.85	-0.2	+51.3
Brazil	(42)	218.51	-0.2	+74.8	83,744,758.04	+7.0	+3915.7
Chile	(20)	514.85	+6.1	+23.0	878.35	+6.0	+37.0
Colombia[1]	(8)	829.33	+1.7	+48.0	891.05	+1.6	+45.7
Mexico	(56)	950.43	+2.1	+40.6	1,273.06	+1.7	+40.2
Peru[2]	(7)	103.35	+5.4	+3.3	136.85	+5.0	+36.8
Venezuela[3]	(8)	542.41	+3.3	+4.4	1,286.19	+4.0	+37.8
East Asia							
China[4]	(16)	146.59	+1.6	+46.6	161.16	+1.6	+61.2
South Korea[5]	(130)	118.31	+1.1	+20.5	126.03	+1.3	+23.9
Philippines	(11)	272.13	+3.8	+103.8	360.86	+4.3	+123.2
Taiwan, China[6]	(75)	114.37	+17.1	+55.0	112.83	+15.8	+61.8
South Asia							
India[7]	(61)	120.25	+2.0	+28.3	132.98	+2.0	+39.3
Indonesia[8]	(31)	118.86	+8.7	+99.1	133.46	+8.8	+102.9
Malaysia	(61)	316.32	+4.7	+93.4	297.67	+4.6	+88.6
Pakistan[9]	(8)	387.39	+2.8	+83.5	499.86	+2.9	+115.6
Sri Lanka[10]	(5)	168.61	+2.2	+68.6	161.35	+2.2	+81.3
Thailand	(52)	433.44	+0.8	+58.1	437.14	+0.7	+87.5
Euro/Mid East							
Greece	(17)	230.34	-1.2	+17.9	381.88	-0.2	+34.1
Jordan	(5)	165.97	-0.1	+42.1	239.69	-0.3	+44.5
Portugal	(16)	112.19	-0.3	+45.4	134.42	+0.4	+72.4
Turkey[11]	(31)	193.37	+7.1	+189.2	1,278.28	+8.9	+376.6
Zimbabwe[12]	(5)	188.66	+2.5	n.a.	197.45	+3.0	n.a.

Indices are calculated at end-week, and weekly changes are percentage movement from the previous Friday. Base date: Dec 1988=100 except those noted which are: (1)Feb 1 1991; (2)Dec 31 1992; (3)Jan 5 1990; (4)Dec 31 1992; (5)Jan 3 1992; (6)Jan 4 1991; (7)Nov 6 1992; (8)Sep 28 1990; (9)Mar 1 1991; (10) Dec31 1992; (11)Aug4 1989; (12)July 2 1993.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	TUESDAY DECEMBER 21 1993 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	MONDAY DECEMBER 20 1993 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993 High	1993 Low	Year ago (approx)
Australia (67)	158.46	-0.2	157.77	111.23	140.71	154.82	-0.5	3.32	156.82	158.51	110.98	141.49	155.55	162.83	117.39	124.09
Austria (17)	179.30	+0.4	178.52	125.86	159.21	158.87	-0.1	1.00	178.54	178.19	124.76	159.05	158.96	184.47	131.16	137.51
Belgium (42)	161.58	+0.7	160.88	113.41	143.48	141.26	+0.4	4.07	160.48	160.17	112.14	142.96	140.69	161.58	131.19	137.48
Canada (107)	131.26	-0.4	130.70	92.14	116.55	127.70	-0.2	2.63	131.73	131.47	92.05	117.34	128.01	135.71	111.41	115.49
Denmark (33)	237.63	+1.5	238.61	166.81	211.01	215.82	+1.1	1.05	234.08	233.62	163.58	208.53	213.54	241.64	185.11	190.24
Finland (23)	122.22	+1.9	121.69	85.79	108.53	147.16	+0.9	0.71	119.89	119.65	83.78	106.80	145.78	128.99	65.50	70.30
France (99)	174.17	+0.3	173.42	122.25	154.64	158.80	-0.2	2.93	173.62	173.28	121.32	154.65	159.05	174.17	142.72	147.85
Germany (80)	137.97	+0.5	137.37	96.86	122.51	122.51	+0.2	1.69	137.32	137.05	95.97	122.33	122.33	138.36	101.59	104.78
Hong Kong (55)	432.20	-2.6	430.34	303.38	383.80	428.85	-2.7	2.55	443.96	443.09	310.24	395.51	440.34	443.96	218.62	212.52
Ireland (14)	194.20	+0.4	193.41	129.30	163.57	182.27	-0.3	3.11	183.38	183.02	128.15	163.36	182.74	184.20	129.28	139.70
Italy (69)	70.11	+1.5	69.81	49.21	62.25	87.26	+0.8	1.86	69.06	68.92	48.25	61.52	86.60	78.93	53.78	54.92
Japan (469)	131.25	-0.5	130.68	92.13	116.56	92.13	+0.0	0.89	131.90	131.64	92.17	117.51	92.17	165.91	100.75	109.94
Malaysia (69)	537.91	-0.2	535.60	377.58	477.65	528.69	-0.1	1.37	538.74	537.68	376.46	479.92	529.35	552.47	251.66	266.12
Mexico (19)	2287.45	+1.3	2277.60	1605.71	2031.22	7779.29	+1.5	0.83	2257.97	2253.55	1577.88	2011.50	7665.47	2287.45	1410.30	1621.82
Netherland (26)	197.99	-0.1	197.14	138.96	175.82	172.74	-0.5	3.07	198.25	197.88	138.54	176.61	173.68	198.25	150.39	154.31
New Zealand (14)	62.66	-1.7	62.61	44.14	55.83	59.47	-1.7	3.94	63.98	63.85	44.71	57.00	60.48	68.38	40.56	42.18
Norway (23)	172.48	+0.7	171.74	121.08	153.16	173.36	+0.3	1.47	171.36	171.03	119.75	152.66	172.76	185.10	137.71	143.73
Singapore (39)	349.58	+1.0	348.08	245.40	310.42	258.63	+1.0	1.31	346.02	345.34	241.80	308.24	254.05	349.58	207.04	210.17
South Africa (60)	242.10	-1.2	241.05	169.94	214.97	235.87	-1.1	2.36	245.09	244.61	171.27	218.33	238.38	245.09	144.72	145.80
Spain (42)	140.68	+1.3	140.08	98.76	124.92	149.00	+0.8	4.01	138.82	138.55	97.01	123.66	147.76	145.24	115.23	122.21
Sweden (36)	190.89	+0.7	190.06	134.00	169.51	236.24	+0.1	1.48	189.63	189.25	132.51	168.93	236.08	208.92	149.70	167.88
Switzerland (49)	161.39	+1.3	160.69	113.29	143.33	145.18	+0.5	1.49	159.39	159.08	111.39	142.01	144.52	161.39	108.91	113.40
United Kingdom (215)	201.73	-0.3	200.86	141.59	179.12	200.86	-0.6	3.57	202.37	201.98	141.41	180.27	201.98	202.37	162.00	175.01
USA (518)	189.52	-0.1	188.70	133.04	168.30	189.52	-0.1	2.75	189.70	189.33	132.57	169.00	189.70	191.56	175.38	179.75
Europe (746)	167.82	+0.3	167.10	117.80	149.03	161.24	-0.1	2.81	167.35	167.02	116.94	149.09	161.43	167.82	133.92	137.80
Nordic (114)	184.01	+1.0	183.22	129.17	163.40	195.18	+0.4	1.27	182.13	181.78	127.28	162.25	194.34	194.54	142.13	151.04
Pacific Basin (715)	143.63	-0.6	143.01	100.82	127.54	104.10	-0.3	1.17	144.52	144.24	101.00	128.75	104.37	168.80	105.89	113.92
Euro-Pacific (1461)	153.54	-0.2	152.83	107.77	136.34	125.97	-0.2	1.91	153.87	153.57	107.52	137.07	126.22	162.88	117.28	123.58
North America (625)	185.89	-0.1	185.09	130.50	165.09	185.28	-0.1	2.74	186.09	185.72	130.05	165.80	185.47	187.88	171.51	175.77
Europe Ex. UK (531)	146.48	+0.7	145.84	102.84	130.10	138.13	+0.2	2.31	145.49	145.21	101.69	129.64	137.90	146.48	112.61	116.70
Pacific Ex. Japan (246)	261.69	-1.2	260.57	183.73	232.41	240.76	-1.3	2.48	264.92	264.40	185.16	236.03	243.88	264.92	162.70	152.97
World Ex. US (1647)	155.32	-0.2	154.65	109.03	137.92	129.09	-0.2	1.92	155.64	155.34	108.77	138.66	129.32	162.89	118.51	124.47
World Ex. UK (1950)	162.31	-0.2	161.61	113.94	144.14	142.83	-0.1	2.08	162.55	162.23	113.60	144.82	142.98	168.66	134.22	139.02
World Ex. So Af (2105)	165.30	-0.2	164.59	116.04	146.79	147.11	-0.1	2.23	165.55	165.23	115.70	147.50	147.32	170.48	137.29	142.24
World Ex. Japan (1696)	185.40	-0.1	184.60	130.16	164.68	181.33	-0.2	2.71	185.49	185.13	129.64	165.27	181.68	185.49	157.47	160.51
The World Index (2165)	165.74	-0.2	165.02	116.35	147.19	147.83	-0.2	2.23	166.01	165.69	116.02	147.90	148.06	170.68	137.32	142.14

Latest prices were unavailable for this edition.

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